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Daily Report

East Asia

FBIS-EAS-95-103
Tuesday
30 May 1995

Daily Report
East Asia

FBIS-EAS-95-103

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Japan

Tokyo Asks U.S. Response 'Within This Week'

OW3005134995 Tokyo KYODO in English
1341 GMT 30 May 95

[FBIS Transcribed Text] Tokyo, May 30 KYODO — Japan rejected a U.S. request Tuesday [30 May] for a delay in auto trade talks, asking the United States to respond this week to Tokyo's request for quick action on the growing bilateral row.

Trade Minister Ryutaro Hashimoto asked in a letter to Trade Representative Mickey Kantor for a response "within this week" to Japan's request for urgent talks under World Trade Organization (WTO) auspices, according to the Japanese-language version of the letter seen by KYODO NEWS SERVICE.

The letter from the Ministry of International Trade and Industry (MITI) chief was sent Tuesday night to Geneva, the headquarters for the WTO and the venue Japan seeks for the talks, MITI officials said.

Tokyo wants action as soon as possible and "well before June 15," a top MITI official said, because threatened sanctions on Japanese luxury cars are already starting to hurt automakers.

Kantor proposed Friday that talks be held June 20-21 in Washington, in an apparent bid to drag the process closer to the June 28 sanctions deadline and beyond mid-June bilateral and advanced-nation summits.

Hashimoto expressed hope at a morning news conference that the U.S. will "lend an ear to global opposition" to its "unilateral measures."

If the U.S. refuses to talk, the senior MITI official said separately on condition of anonymity, Japan will have several chances to seek a resolution by a WTO dispute settlement panel.

On the delicate issue of whether the auto dispute will impinge on the June 15 summit of Prime Minister Tomiichi Murayama and President Bill Clinton, Japan's signals remained mixed.

U.S. Officials have cited the top-level meeting as a reason to put off the auto talks, and Foreign Minister Yohei Kono told a Diet panel Tuesday the issue will not be taken up by the two leaders or at the immediately following summit of the Group of Seven nations.

But Hashimoto indicated it might come up when Murayama and Clinton meet, saying, "this issue has attracted very great interest internationally, so I feel it would be very difficult" not to discuss it.

Hashimoto said "various opinions" were expressed when he met with Murayama, Kono, Chief Cabinet Secretary Kozo Igarashi and Transport Minister Shizuka Kamei, but he would not comment on the views expressed.

The senior MITI official would only say there is no difference of position among the ministries on whether to elevate the trade row to the highest level "at least as far as the letter is concerned."

He finessed the issue, saying Murayama and Clinton will not "negotiate" on the matter and will not let it dominate their meeting but that the two leaders may "touch on" the dispute.

The trade row, in which the U.S. threatens 100 percent sanctions on 5 billion dollars' worth of Japanese luxury cars as of May 20 if no agreement is reached by June 28, is "regrettable" as their effect is already being felt, Hashimoto wrote to Kantor.

He told the news conference the retroactive sanctions already violate WTO rules, are hurting Japanese automakers, and will have "serious effects" on both Japanese and U.S. industry.

Murayama, Clinton Not To Negotiate Auto Issue

OW3005104795 Tokyo KYODO in English
1037 GMT 30 May 95

[FBIS Transcribed Text] Tokyo, May 30 KYODO — Japan's economic recovery is slowing, a senior economic official said Tuesday [30 May] after the government reported the highest unemployment on record and projected a three-month string of declining industrial outputs.

"The economic recovery is weakening," said the senior Ministry of International Trade and Industry (MITI) official, expressing particular concern about his ministry's projection of falling output for May and June.

The official told reporters on condition on anonymity that he was expressing a personal opinion and that there is no government consensus to change the official view that Japan is in a "gradual recovery." He noted that the official view is expressed in the monthly report of the Economic Planning Agency.

Earlier in the day, MITI said output at the nation's mines and factories dipped a seasonally adjusted 0.2 percent in April from the previous month and predicted declines for the next two months, which would mark the longest string of declines in more than two years.

The senior official noted that the small April decline in the day's preliminary report could be overturned when figures are revised and that the forecasts might prove inaccurate because their sample size is smaller than that of the survey of actual results.

Also Tuesday, the Management and Coordination Agency reported that the unemployment rate rose 0.2 percentage point to 3.2 percent, the highest since the current calculating method was adopted in 1953.

Asked about the psychological impact of smoldering Japan-U.S. trade friction, the senior MITI official acknowledged that the bilateral auto trade row could affect automakers' sentiment but said that weakness in other sectors was more likely caused by the soaring yen.

On the auto dispute, he said MITI has finished preparing a letter that MITI chief Ryutaro Hashimoto said in the morning he would send by day's end to U.S. Trade Representative Mickey Kantor, rejecting a U.S. proposal to put off talks until late next month.

Japan wants to start the talks, under the auspices of the World Trade Organization (WTO), in Geneva as soon as possible and "well before June 15," the official said, because threatened sanctions on Japanese luxury cars are already starting to hurt automakers.

Kantor proposed in a letter Friday holding the talks June 20-21 in Washington.

Tokyo will continue to press for quick talks under emergency procedures at the WTO, the senior official said, adding that Japan will have several chances to seek a resolution by a dispute settlement panel if the U.S. refuses to talk.

On the much-discussed issue of whether Prime Minister Tomiichi Murayama and President Bill Clinton will tackle the auto issue at their bilateral meeting June 15 before a summit of seven industrialized powers, the official said they will not "negotiate" on the matter and will not let it dominate their meeting but said it is possible the two leaders may "touch on" the dispute.

Tokyo Seeks To Resolve Auto Dispute at WTO

OW3005030795 Tokyo KYODO in English 0250 GMT 30 May 95

[FBIS Transcribed Text] Tokyo, May 30 KYODO — Japan will seek to resolve its automotive trade dispute with the United States before the World Trade Organization (WTO), a government spokesman reiterated Tuesday [30 May].

"At the WTO, negotiations will be held in a calm and objective manner and in line with international rules," Chief Cabinet Secretary Kozo Igarashi told a news conference.

"We believe it is desirable to seek the U.S. and international understanding there of the justness (of Japan's position) so as to tackle this issue in a pure fashion, excluding politics," he said.

"At the same time, diplomatic relations between Japan and the U.S. are vital," Igarashi said, apparently hoping the nations' dispute over trade in autos and auto parts will not spill over into other areas of bilateral ties.

"We hope this issue will be correctly resolved as quickly as possible," he said, adding, "it goes without saying we will continue striving to that end."

On Tuesday, Prime Minister Tomiichi Murayama met Foreign Minister Yohei kono, International Trade and Industry Minister Ryutaro Hashimoto, Transport Minister Shizuka Kamei and Igarashi to reaffirm Tokyo's position over the trade row.

Washington threatens to slap 13 Japanese luxury cars with about 5.9 billion dollars worth of sanctions unless Tokyo agrees to U.S. demands to widen foreign access to its auto and auto parts markets.

MITI Responds 'Coolly' to U.S. Rejection

OW2705133995 Tokyo NIHON KEIZAI SHIMBUN in Japanese 27 May 95 Morning Edition p 5

[FBIS Translated Text] The United States rejected [Japan's] request for emergency bilateral [auto trade] talks. In this regard, the Ministry of International Trade and Industry [MITI] coolly said that "it is an expected movement" (according to the International Trade Policy Bureau). If they follow ordinary procedures, the bilateral talks will continue until 15 July and MITI will insist on saying that the U.S. action to impose sanctions against Japan is against World Trade Organization (WTO) rules.

According to WTO rules, in the case of ordinary procedures, two countries are required to hold discussions for 60 days after a case is brought to the WTO. If no agreement is reached during this period, MITI plans to demand the WTO form a panel (grievance subcommittee). Then, MITI will ask the panel to decide whether or not the U.S. action is against the rules.

MITI said: "We will have the right to ask for formation of the panel on or after 5 June, the 20th day after we brought the case to the WTO." Because of this, the ministry plans to study the possibility of calling for an early formation of the panel while observing reactions of European and other major nations that are expected to become panel members.

Some MITI officials are of the view that "it will be easier for us to win panel member sympathy after the U.S. sanctions actually go into effect." In this case, Japan's request for the panel's formation will be made on or after 28 June. However, MITI believes that it can win an advantageous position at the panel's trial.

Panelists Debate Auto Dispute With U.S.

OW2805063495

[FBIS Editorial Report] Tokyo NHK General Television Network in Japanese at 0000 GMT on 28 May, in its regular "Sunday Discussion" program, covers a live panel debate on the theme of "Strained Japan- U.S. Ties — Are the Two Nations Going into a Trade War?"

The one-hour debate, moderated by NHK commentator Takashi Yamamoto, is joined by Yoshihiro Sakamoto, deputy vice minister of international trade and industry; Yukio Okamoto, international consultant; Atsushi Kusano, professor at Keio University; and Richard Koo, senior researcher at Nomura Research Institute.

Moderator Yamamoto begins the debate by referring to the recent OECD ministerial council meeting which failed to find a direction for an answer to the Japan-U.S. auto dispute, and by asking Deputy Vice Minister Sakamoto what the government intends to do about this issue.

Sakamoto says the core of the auto issue lies in the U.S. demand for stepping up Japanese automakers' plans to purchase U.S.-made parts, while doing such a thing is beyond the control of the Japanese Government. "Besides," he says, "the Japanese auto industry is far from being in a desirable condition right now." He cites the drastic surge in the yen's value and a rise in interest rates as reasons for the difficult condition of the industry. He says, right now, the auto industry "is doing all it can to reduce the cost of purchasing parts," and adds, "It is impossible from the business viewpoint to raise parts-purchasing plans when conditions are so bad."

"Besides, if a government promises to do such a thing, it would mean the government was intervening in the market economy mechanism," thus stating what the Japanese delegation has said to the U.S. delegation in the recent auto talks.

Asked to give his view on why Japan and the United States cannot come to an agreement on the auto talks, consultant Okamoto says: "If we talk only about the substance of the auto talks, I do not think this is something that is unresolvable in the Japan-U.S. talks. I think the reason they cannot come to an agreement is because both sides do not feel strongly enough about the need to reach an agreement at any cost or price."

Professor Kusano, asked to give his comment, says the government action to file a complaint with the WTO is appropriate, but adds: "When we think about the trade or economic relations between Japan and the United States in the past, we cannot overemphasize the fact that the United States has always been a friend of consumers in Japan." He notes, for instance, how the Large Retail Store Law, which was revised at the U.S. request, is now working to the benefit of Japanese consumers. He says, "I think it is necessary to admit here that the Japanese market is closed."

Kusano then refers to Sakamoto's remark claiming that it is not government's business to push automakers into buying more U.S.-made parts. The professor states that the Japanese Government in 1992 accepted a parts-purchasing plan in a Miyazawa-Bush summit. He says the Ministry of International Trade and Industry [MITI] has provided "strong administrative guidance to the Japanese auto industry" to enforce the plan. He says, "It is not absurd for the U.S. Government to wonder why the Japanese Government cannot now do the same thing it did in 1992."

Moderator Yamamoto asks Deputy Vice Minister Sakamoto why the Japanese Government, which has cleared all the difficult trade problems with the United States so far, is unable to do so this time. Sakamoto says he thinks "it serves the interest of the Japanese society to provide many choices for the consumers," and adds: "As far as the auto issue is concerned, I am convinced that both MITI and the Ministry of Transport have done their very best to expand access to the Japanese market and to ensure that Japanese consumers have as many choices as possible, including foreign and domestic vehicles."

He goes on to say: "But as to the question of whether making the Japanese automakers buy more American parts would contribute to the advancement of our society or not, to be honest, I am personally not so sure."

Economist Koo of Nomura Institute discusses the economic conditions of Japan, and says this is no time for Japan to wage a trade war with the United States. He notes the problem of the exchange rate and low economic growth rates in the past several years, and reminds everyone that the Japanese stock market is sustained by U.S. customers. Koo notes that the Japanese economy is not in a condition to survive such a war.

Impact of U.S. Sanctions on Auto Industry

OW2905055495 Tokyo KYODO in English
0458 GMT 29 May 95

[FBIS Transcribed Text] Tokyo, May 29 KYODO — U.S. sanctions would cut Japanese auto parts shipments by 2 percent, the Japanese industry leader said Monday [29 May].

Sanctions, if implemented as originally planned, would affect 200,000 vehicles that would reduce Japanese production of car parts by 350 billion yen, or 2 percent of 17.7 trillion yen shipped by Japanese makers during the latest business year, said Shohei Hamada, chairman of the Japan Auto Parts Industries Association.

The United States is ready to impose punitive tariffs of 100 percent on 13 Japanese luxury car models under section 301 of the 1974 U.S. Trade Law, if no accord is reached with Japan by June 28.

Hamada, also president of NHK Spring Co., however, downplayed the seriousness of possible U.S. sanctions, saying that slapping of punitive tariffs in an original form is unlikely in view of their probable revisions in the course of coming negotiations.

Hamada urged the Japanese Government to keep rejecting repeated U.S. requests for Japanese automakers to show commitments on the use of U.S.-made auto components.

The so-called "voluntary" plans are at the center of the Japan- U.S. auto trade dispute that recently developed into a global issue under the World Trade Organization.

During then U.S. President George Bush's visit to Japan in January 1992, Japanese carmakers pledged commitments to raise their combined use of U.S. parts to 19 billion yen a year by fiscal 1994.

"The Japanese Government should not settle the current auto row with the same approach it used during Bush's visit," Hamada said.

Hamada expressed the industry's readiness to further deregulate the repair parts market, if necessary.

I understand Japan's repair parts market is open although observing some U.S. complaints on the market, he said.

But if room for further deregulation is left, we will make further efforts, he said.

Hamada was named new chairman of the Auto Parts Association last week, succeeding Yukio Itagaki, president of Zexel Corp.

Toyota, Mitsubishi To Cut Luxury Car Production

*OW3005044395 Tokyo KYODO in English
0417 GMT 30 May 95*

[FBIS Transcribed Text] Tokyo, May 30 KYODO — Toyota Motor Corp. and Mitsubishi Motors Corp. will reduce production of their luxury cars targeted by the United States for 100 percent punitive tariffs, company officials said Tuesday [30 May].

The officials of both automakers said, however, that the move is part of inventory adjustment measures and is not prompted by assumptions that the proposed import tariffs will be implemented by Washington.

Nissan Motor Co., Honda Motor Co. and Mazda Motor Corp. have already decided to reduce production or halt export of their targeted luxury cars to the U.S.

The decisions by all five automakers follow the release May 16 of the U.S. preliminary list of sanctions. If the U.S. finally decides June 28 to actually put the sanctions into force, they would be effective retroactively from May 20.

A company official at Toyota said production of five models of its Lexus car will be cut from 8,000 a month to about 3,000. Exports will also be reduced by about the same amount, he said.

Mitsubishi Motors will suspend production of 230 units of the Diamante car scheduled for June, a company official said. It will also postpone for the time being shipment of 230 units, originally planned for late May, he said.

Automakers Report $70 Million Loss

*OW3005011795 Tokyo KYODO in English
0058 GMT 30 May 95*

[FBIS Transcribed Text] Geneva, May 29 KYODO — Japan's automakers have already suffered losses worth 70 million dollars in advance of the proposed implementation of U.S. sanctions, under which 100 percent punitive tariffs would be imposed on 13 models of Japanese luxury cars, a senior Japanese Government official said Monday [29 May].

Hisashi Hosokawa, director general of the International Trade Policy Bureau at the Ministry of International Trade and Industry, revealed the loss figure to reporters.

Hosokawa, in Geneva to attend a meeting of governors of the World Trade Organization (WTO) in order to explain the Japanese stance on the auto and auto parts dispute with the United States, did not, however, give details of how the reported loss had been calculated.

On May 16, the U.S. unveiled a preliminary list of sanctions against Japan as part of its efforts to pry open Japan's auto and auto parts markets. The list, which is scheduled to be finalized June 28 after a period of review, would be retroactive to May 20.

Hosokawa said that although the U.S. sanctions have not yet been invoked, they have already caused real harm to Japanese automakers, adding that since May 20, the U.S. Government has already suspended measures to evaluate tariffs on the Japanese luxury cars.

OECD Nations Remain Neutral on Auto Dispute

OW3005053095 Tokyo NIHON KEIZAI SHIMBUN in Japanese 25 May 95 Morning Edition p 5

[By Hisashi Obayashi]

[FBIS Translated Text] Paris, 24 May — The battle to win over the European countries on the issue of autos and auto parts, which the U.S. Government and the Japanese Government have waged in Paris, has ended in a draw. The two countries will start working level discussions under the rules of the World Trade Organization (WTO), but the situation has become politicized. As of now, no room has been found for compromise, but both the United States and Japan have a "weakness." Concerning the compatibility of sanctions against Japan and WTO rules, Secretary of Commerce Brown admitted on 24 May that "there are also various opinions within the U.S. Government." Japan is also under close European scrutiny concerning market liberalization. The two countries are going to seek an opening that will permit a breakthrough in anticipation of the U.S.-Japan summit meeting to be held next month.

Secretary Brown's comment was the first admission that the exercising of Section 301 of the Trade Act (retaliation against unfair trading practices of a trading partner) could become a WTO violation. U.S. Trade Representative Kantor also expressed the view in a meeting with WTO Secretary General Ruggiero that the United States would accede to the WTO decision, whatever the outcome on the issue might be.

As background for the U.S. position, which could be interpreted as a softening, there is the situation in which the United States has become isolated in the process of making a joint announcement at the OECD Ministerial Council.

In working-level negotiations, which went on until the morning of 24 May, 24 countries, exclusive of the United States, agreed on a draft and submitted it to the ministerial meeting. The draft contained the following: 1) The OECD will eliminate all measures which do not conform to WTO rules; 2) it will follow and put into practice multi-faceted dispute management procedures; 3) it will avoid activities which might hinder or weaken such procedures, and so on.

But the United States cabinet members opposed this draft until the end, maintaining that "it could be interpreted as criticism directed against the United States and, moreover, we should not bring bilateral issues between the United States and Japan into the OECD." Because all decisions of the Board Meeting of Cabinet Ministers must, as a principle, be unanimous, a final decision was reached by diluting the language. But the U.S. delegation tasted a large dose of isolation.

As for the latest battle to win support, on the other hand, Japan also tasted strong European opposition directed against Japan's closed market. International Trade and Industry Minister Hashimoto met individually with cabinet ministers and other officials from over a dozen countries during his stay in Paris, which lasted essentially for three days. He explained, citing detailed data, how open Japan's auto market had become, but the Europeans did not abandon their position of neutrality even to the very end.

Rather, there was even such an opinion expressed that "If Japan decides to increase the purchase of foreign-made parts, even if it is an independent private enterprise plan, then we will give serious consideration to bringing the case to the WTO." (Former European Commission Vice Chairman Brittan) Managed trade, in which Japan gives in to U.S. pressure, gives a strong sense of crisis to the European countries because it will also harm their interests.

Given the situation in which Japan has been cut off from a retreat route, it appears that the working level U.S.-Japan bilateral talks will start next week in Geneva. But examination of whether or not the measures the two countries have taken so far meet WTO rules will be the main work, and actual negotiations will continue to be shelved.

The Ministry of International Trade and Industry [MITI] is inclined to the view that "a decision at the coming summit meeting would be premature," (MITI Deputy Vice Minister Sakamoto), and for now no opportunity for a breakthrough is seen. But we can say that the fact the United States has also affirmed that it will comply with WTO rules and because negotiations have moved to the WTO setting constitutes a certain degree of success.

Brittan Views U.S. Demand on Auto Parts

OW2705134595 Tokyo ASAHI SHIMBUN in Japanese 25 May 95 Morning Edition p 2

[By Hiroaki Ito]

[FBIS Translated Text] Paris, 24 May — On 24 May, Leon Brittan, European Union [EU] vice president for external affairs, held a meeting with Ryutaro Hashimoto, minister of international trade and industry, and commented on a U.S. demand for an "additional expansion of Japanese automakers' voluntary plans for procurement of foreign parts." Saying that "we will oppose an additional increase that may be reached through discussions among private companies," Brittan explained the EU's intention to oppose any increase to the voluntary plans.

In the meeting, Brittan explained his views, saying: "It may become disadvantageous to European companies if Japanese companies eventually give priority to procurement of U.S.-made goods. The EU will have no choice but to seriously study the possibility of taking the case to the World Trade Organization (WTO) should Japan try to settle the issue by increasing the voluntary purchase plans."

Business Leaders on Averting Auto Sanctions

OW2705121395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 27 May 95 Morning Edition p 5

[FBIS Translated Text] At a news conference held after a general meeting of the Japan Federation of Economic Organizations [Keidanren] on 26 May, Keidanren Chairman Soichiro Toyoda (chairman of Toyota Motor Company) commented on Japan-U.S. auto trade negotiations, which have encountered rough sailing. He explained his view that both countries should exert efforts aimed at averting sanctions, saying: "I hope the two countries will have cool-headed discussions at the World Trade Organization (WTO) without having the United States impose sanctions against Japan." Yutaka Kume (chairman of Nissan Motor Co.), who was at the news conference, said: "The representatives of both sides are mature politicians. They should hold discussions on macroeconomic issues by shelving the auto negotiations." He thus expressed his view that both countries should stop the auto negotiations and resume the structural talks.

Regarding the economy, Takashi Imai, Nikkeiren vice-chairman and president of Nippon Steel Corporation, expressed his sense of crisis, saying: "I am pessimistic about it. The economy will stall unless the government takes financial measures."

'Gap' in Auto Trade Market Statistics Discussed

OW2905143295 Tokyo NIHON KEIZAI SHIMBUN in Japanese 26 May 95 Morning Edition p 5

[FBIS Translated Text] The Japan-U.S. propaganda war over the auto trade issue is now under way, but watchers are perplexed over the gap between Japanese and U.S. statistics describing the current circumstances in the Japanese auto market.

The greatest gap is in the number of U.S.-made right-hand drive models introduced to the Japanese market, which is considered to be a barometer in evaluating the U.S. automakers' sales efforts in the Japanese market. The Ministry of International Trade and Industry [MITI] says that only two U.S.-made models have right-hand drive versions for Japanese consumers; however, the U.S. Government insists U.S. automakers have 60 right-hand drive models on the Japanese market. The gap exists because the U.S. Government's figure includes Japanese-made cars sold under U.S. brands, such as Mazda-made Ford models. There are only two genuine U.S.-made models in this category — "Cherokee" and "Probe." MITI said: "If Japanese cars under U.S. brands are included in the statistics, they must be also counted in the market share and other indexes."

Regarding the share of imported cars in the Japanese market (in 1994), Japan and the United States insist 8.1 and 4.4 percent, respectively. The gap exists because the United States puts trucks and mini-cars in the total number of registered cars, but MITI insists: "For accurate comparison, mini-cars and some other categories must be excluded from calculation because the U.S. and European markets do not have categories equivalent to these."

While Japan says: "The sales of European-made cars is growing in the Japanese market," the United States refutes the statement by saying the sales of European cars dropped from 190,000 in 1990 to 180,000 in 1994. That is true, but the sales in 1994 were higher than those in 1989 and 1993, and MITI's assertion is also true from a long-range viewpoint.

The use of data by the United States is apparently focused only on those supporting its theory. But some Japanese watchers say: "The problem here is the fact that MITI is unable to argue the United States down on such basic use of data."

Economist Views U.S. Strategy Toward Tokyo

OW2605132895 Tokyo ASAHI SHIMBUN in Japanese 22 May 95 Evening Edition p 9

[Article by economist Naoki Tanaka for the "Current of '95" column: "Expansion of Domestic Demand Is Japan's Responsibility"]

[FBIS Translated Text] The U.S. Government announced its list of sanctions to be imposed against Japan over the auto issue, and, immediately thereupon, the Japanese Government decided to file a complaint with the World Trade Organization (WTO).

Since the U.S. Government, which had expected this move by Japan, declared it would file a complaint of its own charging that the Japanese market is discriminatory, it is now evident that the Japan-U.S. dispute will be brought before the WTO's arbitration subcommittee unless the two countries succeed in reaching a solution through bilateral talks. This means that the WTO, at this early stage of its life, will be tested by two of its powerful member countries — the United States and

Japan — as to its effectiveness. The world organization may need to ask itself if it can survive into the 21st century as an international framework.

In the meantime, we have to admit that there is no guarantee the feelings of the people of these two countries toward each other are not being provoked. This condition of instability stems from the fact that both countries are at a loss as to what they must do about their own economies. It appears that we must begin efforts to do both of the following — to learn the wisdom of living in a transitional period, and to prepare for the near future.

In the next phase of action, I think, the United States, which so far has pressed the Japanese auto industry to promise to purchase more U.S.-made auto parts, will wage a completely different kind of war on the Japanese market. I think so because the main current of thinking in the United States is about to change toward a direction of respecting the principles of the market economy. The course of action the Clinton administration is taking over the auto dispute may be said to be the last flame of a smoldering fire, however hard the administration may try to keep it alive.

The U.S. administration's strategy of attacking Japan now consists of having the U.S. trade representative run and charge toward an agreement on targets for autos and auto parts, using the tactic of pressing Japan to agree on stepping up voluntary purchase plans. Now, however, we ought to think that there is a strong possibility that the U.S. strategy will change henceforth — to one of having the Justice Ministry target the cartel-like nature of the Japanese market, using the tactic of applying U.S. antitrust law extraterritorially.

The reason for this is that since the Republican Party won a majority in both houses of Congress at the midterm election last November, the Clinton administration's trade policy against Japan of wanting to watch all market segments by setting numerical targets is coming under increasing criticism. The charges poured on the administration are that such a way of doing things makes only the organization and budget of government offices grow bigger, while not being effective in serving any purposes and only inviting misunderstanding concerning the principles of the United States.

Some people in the United States say that the present governing framework of the United States should be called the system of cohabitation [preceding word in English] in which Bill Clinton, Bob Dole (Republican floor leader in the Senate), and Newt Gingrich (speaker of the House) participate. My guess is that this is the last time U.S. Trade Representative Mickey Kantor will use a strategy focusing on autos and auto parts. In the next phase, I think, the United States will come to face Japan using a completely different brand of logic. This may be called a reversion to the Republican Party's traditional way of doing things.

Under the Clinton administration, the U.S. Government has attempted to eliminate the Japan-U.S. trade imbalance by setting numerical targets. Professional economists of the world thought this was a "bad logic." As far as international opinions were concerned, they were such that eventually the Japanese negotiators could boast about having driven U.S. negotiators to shame. When seen from the Clinton administration's viewpoint, this could be called the "fatigue from Japan." One may be able to say that the U.S. administration has set the autos and auto part sector as its target of attack for the last time before changing its strategy.

If the U.S. Government, which has so far pressed individual Japanese companies to step up their numerical targets, now changes its strategy and makes the Japanese market's overall degree of openness itself an issue, the Japanese people's criticism of the U.S. Government is bound to shoot up. If that happens, most typical Japanese will ask: "How can you demand the establishment of a market order based on free competition, while, at the same time, demanding assurance of market shares by drawing up voluntary purchase plans?"

It can be said that the reason why the U.S. Government decided to file a complaint with the WTO, preempting Japan in doing so, is because it wants to expose and publicize the cartel-prone nature of the Japanese market in waging its war. This action can be interpreted as meaning that the U.S. Government has actually started a policy shift, if only in part, by choosing from among various possible courses of action. If Japanese officials want to ensure that U.S. officials are provoked, then they could accuse the U.S. of "double standards" on this shift of strategy, as they have accused them of urging "managed trade" in attacking the U.S. demand for numerical targets. Such a course of action will ensure the endangerment of Japan-U.S. relations.

What is the reason for Japan-U.S. economic friction to have developed to this state? To put it simply, it is because there is now a reversal in the economic growth rates of these two countries. The United States achieved a growth rate of about 2.5 percent in 1992, then of three percent in 1993 and four percent in 1994. It will do better than two percent even in 1995. Meanwhile, Japan's economic growth was almost nil in 1992 and 1993, one percent in 1994, and will be about one percent again in 1995. This reversal of positions between Japan and the United States — particularly the growth rate figures for Japan over the past four years — represents a very serious condition.

The real growth rate, which is so far below the potential growth rate for the country, has resulted in Japan's trade surplus rising to the vicinity of some $140 billion for the past three years. The remedy for this situation should be sought by focusing attention on the question of how domestic demand can be expanded. Therein is the responsibility of the Japanese Government, I must say.

It is true that there are expectations in Japan that the WTO will render a fair ruling on the dispute. But one must say such an attitude is too legal-minded. For the WTO, which has just been formed as a permanent world organization, the United States and Japan are, so to speak, the number one and number two shareholders. Regardless of which party loses in the dispute, there will be a problem in running the organization. We must be prepared that should the United States lose at the WTO, the cries of the American people for the country's secession from the organization will rise in an uproar.

The world is indebted to the United States for the free trade order since the end of World War II. U.S. leaders were the ones who made such great efforts, starting during the days of the war, in preparing for a trade order that would be liberal, undiscriminatory, and multilateral. Japan has been a beneficiary of this order for the past half century. If it turns out that Japan has no other strategy but to test the limitations of the WTO, then historians in the future will say that Japan "tested" this newly formed WTO "rather than supported" it.

I think that the most urgent thing for the country to do is to decide on specific measures to expand choices for expenditures that can be used in improving urban environmental conditions, to reduce corporate taxes — which are excessively heavy even when viewed from an international perspective — and to abolish economic controls.

Scenarios for Settling Auto Talks Discussed

OW2905145495 Tokyo MAINICHI SHIMBUN in Japanese 28 May 95 Morning Edition p 3

[By economic reporter Toshimitsu Kobayashi]

[FBIS Translated Text] The Japan-U.S. dispute over auto and auto parts trade is now entering its second round after a "propaganda war" at the OECD conference in Paris. Hereafter, the dispute will be brought to the WTO and the Murayama-Clinton talks on the eve of the Group-of-Seven [G-7] summit. The following are possible scenarios for settling the dispute.

The most favorable scenario for Japan is U.S. withdrawal of its demand for Japanese automakers' voluntary plans for procurement of foreign-made parts in consideration of an international public opinion criticizing the "high-handed U.S. policy." In that case, Japan would "accept full-fledged discussions" (as noted by the Ministry of International Trade and Industry), and the dispute may be settled if Japan offers alternative proposals.

However, the United States has not shown any signs of revising its strategy for this issue. The United States insists bilateral negotiations under the WTO should be held on 20 June, or after the G-7 summit. At the same time, the United States is going to file a complaint with the WTO over Japan's exclusionary market management. The United States is unlikely to change its stance until immediately before the 28 June deadline to mobilize the anti-Japan sanctions.

Lately, Japanese politicians have begun to demand action by Japan to ease the conflict with the United States. Former Deputy Prime Minister Michio Watanabe stated: "We should consider definite plans for reducing the United States' trade deficit." Chairman Kabun Muto of the Liberal Democratic Party's General Council also said: "Japan should carry out drastic deregulation measures to open its market." Rather than a settlement of deadlocked auto talks, they are calling for full-fledged measures for cutting Japan's trade surplus since it is the United States' root of frustration.

But this is not a very easy solution. Japan has recently announced deregulation plans and yen-appreciation policies, and further measures are difficult. The Japanese Government's declaration of numerical targets for trade surplus reduction is another possibility, but the government is taking a prudent attitude toward this because "such numerical targets may be regarded as the government's official pledges." In addition, it is uncertain if the United States is satisfied with such macroeconomic targets.

Many government officials feel that "concessions by the United States are unlikely because the U.S. Government's hard-line policy towards Japan is a part of President Bill Clinton's reelection strategy" (as noted by a government source). In that case, the U.S. sanctions would be implemented and the two nations may have to fight a long-term war under the WTO.

The worst situation may be avoided through mediation by WTO Director General Renate Ruggiero, but the mediation by the WTO is impossible without a United States' declaring its intention to follow it. Apart from the intergovernment talks, a voluntary solution by Japanese automakers is also a possible option.

Scenario for Auto Dispute at WTO Outlined

OW2705142595 Tokyo MAINICHI SHIMBUN in Japanese 24 May 95 Morning Edition p 9

[Article by Tomohiro Kawamata, Economic News Department: "What Will Happen to the Auto Talks: A Crash Simulation"]

[FBIS Translated Text] The World Trade Organization (WTO) was just established in Geneva this year with all the accompanying publicity. Yet, its No. 1 and No. 2 members are already set to confront each other. This will be an unprecedented major case both for the complainants and the arbitrators. What will actually happen during the WTO's dispute settlement process (equivalent to a lawsuit)? Based on projections made by the concerned parties, we looked at the real intent on both the Japanese and U.S. sides and probable developments in the proceedings.

U.S. Trade Representative (USTR) Office officials were annoyed when Japan asked for bilateral negotiations [under the WTO] in Geneva. It used to be that Japan always compromised eventually in past trade issues with the United States. "The situation is different this time." The Japanese proposal to "arrive at a solution based on WTO rules" appears to be nothing less than an open declaration of war to U.S. officials.

The United States threatens to "slap a punitive 100-percent tariff" on 13 models of luxury cars exported to the United States from Japan. Actually, the hidden motive behind the recent announcement of the sanction list is to halt the exports of Japanese cars to the United States altogether, and to prompt the production of luxury cars on U.S. territory, after local production of economy cars was put in place.

The WTO prohibits imposing unilateral sanctions without undergoing conflict resolution procedures based on international rules. Japan filed a case with the WTO. It intends to break away from the existing pattern of unprincipled compromise in the Japan- U.S. relationship.

In Geneva, Japan submitted a letter to the WTO Dispute Settlement Board (DSB) asking for emergency bilateral talks. Copies of this letter were distributed to the 87 member states in a few days, and the conflict resolution procedures went into operation.

The USTR is alarmed that "if bilateral deliberations are rejected, Japan will definitely seek arbitration by the WTO panel."

Japan thinks it can be sure of winning if the case is brought before the arbitration panel. A senior Ministry of International Trade and Industry [MITI] official is full of confidence when he says: "No matter how you look at it, the implementation of U.S. Omnibus Trade Act Section 301 (on retaliation against unfair trade practices) is unilateral sanctions banned by WTO. The European Union (EU) also hates Section 301. They will take our side."

The WTO is more powerful than GATT in that, except in a case of unanimous opposition, the institution of an arbitration panel and the endorsement of the panel's recommendations will take effect automatically. This system precludes U.S. steamrolling. The USTR wants to avoid panel arbitration, where the United States will have little chance of prevailing. It orders its Geneva office to reply to Japan that "we will not accept emergency talks, but will agree to normal meetings."

The USTR is thinking of "buying time with bilateral talks to draw concessions from Japan at the Japan-U.S. summit, which is expected to be held during the advanced nations summit in Halifax, Canada, starting on 15 June." The final list of sanctions will be announced by the end of June, but the bilateral summit comes before that. On the other hand, bilateral deliberations have a time limit of 60 days. The United States thinks Japan will compromise if new proposals are made before bilateral talks reach a conclusion, while applying pressure with Section 301 on the sideline.

Under WTO rules, third countries whose interests are affected can attend the bilateral deliberations. The EU, which has an interest in the Japanese auto parts market, has already expressed such an intention, saying "it will be a problem if an arbitrary agreement is reached between Japan and the United States." Talks also involving the EU start in early June. Both Japan and the United States refuse to make any concessions and no point of compromise is found in the discussions.

Amid such developments, a major car manufacturer executive visits a senior MITI official. He pleads: "Our company would like to submit our own parts procurement plan to the United States. If the negotiations break down, and sanctions are imposed, we will be devastated."

The MITI official emphasizes that: "We do not intend to interfere in voluntary action taken by the private sector. However, meeting unreasonable demands will leave behind problems for the future. I hope you will think more of the interests of the industry as a whole." As the automaker executive leaves the room, the MITI official gazes at his back with contempt and clicks his tongue. He says: "We have held our ground and come this far. We will not allow any betrayal."

Early June. USTR Mickey Kantor is bent on drawing concessions from Japan before the Japan-U.S. summit, as originally planned. He thinks: "If pressure is applied, Japan will capitulate. That has always been the case." He also muses: "With this, President Clinton will be able to add up some scores for the presidential election next autumn. My strategy is always perfect."

At that moment, Prime Minister Tomiichi Murayama is being briefed by MITI and Foreign Ministry bureaucrats. He is told: "Like in the summit last January, please tell the United States clearly what we can and cannot do." Murayama nods and states: "I see. It will not do to make any concessions." Of course, Kantor has no knowledge of this.

The Finance Ministry is concerned that the United States is warning against Japan's attempt to break away from the United States. Yet, economic friction has taken its own course without addressing this issue. A dangerous game has begun.

Editorial Criticizes Auto Confrontations

OW2705094895 Tokyo NIHON KEIZAI SHIMBUN in Japanese 26 May 95 Morning Edition p 2

[Editorial: "Japan and U.S. Must Stop Their 'Parochial Confrontation'"]

[FBIS Translated Text] The OECD ministerial council meeting, which should have been an arena to discuss overall world economic issues and prepare for the industrial nations' summit, turned out to be a battleground for the publicity campaigns of Japan and the United States over the auto issue. Both Japan and the United States have lost sight of global needs. The world economy can only be disadvantaged if these countries persist in their positions, and continue with their "parochial confrontation."

Japan, which had not sent even one cabinet minister to the OECD ministerial council meeting last year and, as such, was questioned about its position in the international economic community, this time presented a spectacular act even before the meeting started. Officials like Ryutaro Hashimoto, minister of international trade and industry, criticized the U.S. Government's announcement of a sanctions list over the auto issue as a unilateral action, and ran around soliciting the support of European and other industrial nations. We can understand why they wanted to have international opinion on their side on the auto issue, but we must say this manner — of running around only when necessary for themselves — is imprudent and too selfish. That is why some of the European countries reacted coolly.

Of course, the U.S. move to impose sanctions on Japan is absurd. As the European Commission's Vice Commissioner Brittan has noted, it is clear that such unilateral action violates the rules of the World Trade Organization (WTO). The U.S. demand for Japanese automakers to increase their foreign parts purchase plans is tantamount to seeking the setting of numerical targets. The international community's common sense says such action would lead to practicing managed trade.

While admitting the rationale for the Japanese position, top leaders such as French President Chirac and German Economics Minister Rexrodt, however, did not forget to mention the "closed nature of the Japanese market." The Japanese Government should recognize this fact that the international community continues to view the Japanese market as closed.

We must ask ourselves if there is nothing Japan can do about the Japan-U.S. auto talks. As far as the demand for easing regulations on using replacement parts is concerned, Japan needs to respond to the demand sincerely, if only to recognize the current trend toward market liberalization. There are complaints that Japan's vehicle inspection system, which in fact makes the use of "genuine parts" mandatory, is impeding the import of foreign-made parts. Deregulation will serve the interests of consumers and help to simplify the vehicle inspection system, though safety factors need to be taken into account in doing so.

The Japanese Government has lately neglected doing anything at all about deregulation or market liberalization. Japanese consumers are very displeased that the work of deregulation relegated to various government offices is making no headway. In order for Japan to be able to maintain its claim on the correctness of its position, it must first create for itself a transparent market which no foreign country can dispute.

The current situation is such that Japan now has to set a target for reducing its current-account surplus, and to actively tackling the task of expanding its domestic demand.

What concerns us is the fact that trade officials of Japan and the United States appear to be losing respect for each other in the ongoing publicity campaigns. It is probably because the United States and Europe share a common sense of values that they can maintain their "adult relationship" despite repeated economic friction between the two parties. It is necessary that both Japan and the United States stop provoking each other unnecessarily.

The auto issue cannot be rely political compromise for its solution, though such has been the practice in the past. There is no other choice than to resolve it according to the rules of the WTO. To get to that stage, Japan and the United States must, first of all, recover their composure.

Editorial Urges Resolve To Protect Free Trade

OW3005055895 Tokyo ASAHI SHIMBUN in Japanese 26 May 95 Morning Edition p 5

[Editorial: "Japan, the United States Need Resolve To Protect Free Trade"]

[FBIS Translated Text] It was indeed an extraordinary conference. The ministerial meeting of the OECD, also nicknamed "the industrialized nations' buddy club," ended in a foul atmosphere with the United States boycotting sessions on the final day.

This was because the auto dispute between Japan and the United States intruded on the meeting. However, a dispute like this should not hinder worldwide momentum to build a new free trade system under the World Trade Organization [WTO], which was inaugurated this year.

Japan and the United States should strive for a swift solution to the dispute at every opportunity — through bilateral diplomacy, the WTO dispute settlement mechanism, and talks between the auto industries of the two nations.

To achieve this, the concerned parties must change their political stand of seeking immediate profits and show their readiness to pay the price for protecting the free trade system.

In recent years, the agenda for OECD meetings has centered on issues common to the member nations, such as propping up the world economy and fighting structural unemployment.

The economies of Europe and the United States are, on the whole, booming, and unemployment is also on the decline. The Japan-U.S. auto dispute clouded the OECD meeting, which otherwise should have proceeded calmly, because the member nations have different thoughts about the fledgling WTO.

Most member nations except the United States reportedly supported Japan's argument that Washington's decision to impose sanctions on Japan on the basis of Section 301 of the U.S. Trade Act is "unilateral" and violates WTO rules.

On the other hand, the U.S. position that the closed nature of the Japanese auto market infringed on the WTO agreement was also supported by majority of them.

Leon Brittan, vice president of the European Union [EU], said the EU would file a complaint with the WTO if Japan and the United States reach a voluntary purchase agreement on auto parts. The WTO's policy of eliminating bilateral trade arrangements — as they often become secretive and ambiguous because of political forces at work — was already reflected in the OECD discussions. The WTO was a key behind-the-scenes player at the talks.

Some officials maintain that the WTO, which only recently came into being, is not yet up to the job of dealing with the Japan-U.S. auto trade dispute. But it is better to have trade disputes settled by the WTO, and thereby help the organization develop through such trials, now that the United States is no longer the champion of free trade.

The U.S. policy of initiating sanctions on the basis of Section 301 coupled with a counterclaim filed with the WTO is thoroughly unreasonable.

After its unfavorable reaction at the OECD's ministerial conference, Washington should refrain from applying Section 301. It should also give higher priority to seeking a solution through the WTO's dispute settlement mechanism if it remains unsatisfied with the state of access to the Japanese market.

The fact remains, however, that the Japan-U.S. dispute developed into a problem involving the entire OECD apparatus, largely because of Japan's $130 billion-a-year current account surplus.

It should be firmly kept in mind that Japan's slow domestic growth and its huge exports have undermined the stability of world trade. The ministerial meeting did not take into account the Japanese Government's intention of revising the trend of the sharp appreciation of the yen and the declining dollar, which has continued since last spring. In the face of its huge trade surplus, Japan's complaint of a strong yen does not hold water. What is asked from this nation are efforts to ensure the economic recovery and reduce its huge trade surplus.

In the days ahead, the government should continue making further efforts to stimulate the economy through fiscal and monetary measures. It goes without saying, however, that the fundamental remedy is to reform Japan's economic system, which relies excessively on exports. That can be done by lowering import barriers and reducing price differences at home and abroad through deregulation and other measures.

It is far from certain whether the auto dispute between Japan and the United States can be solved at the major industrialized nations' summit in Halifax, Canada, in mid-June.

Apart from trade negotiations, the Japanese Government should exercise decisiveness and come up with a comprehensive program aimed at eliminating the trade imbalance before the summit.

Ozawa Raps Handling of Auto Trade Issue

OW3005125395 Tokyo MAINICHI SHIMBUN in Japanese 29 Nay 95 Morning Edition p 2

[FBIS Translated Text] On 28 May, New Frontier Party [NFP] Secretary General Ichiro Ozawa, commenting on the Japanese-U.S. dispute over automobiles and auto parts trade, said: "What the United States is saying right now is unreasonable, and even I am aggravated by it. However, the (Prime Minister Tomiichi Murayama's) administration has failed to make decisions squarely and clarify Japan's intentions." In this way, Ozawa sternly criticized both the Japanese and U.S. Governments' handling of the trade dispute.

Regarding the issue of dissolving the lower house of the Diet and holding a general election, the NFP secretary general said: "I do not know when the election may be held." Ozawa made his remarks in an opening speech at a rally held in Gosen, Niigata Prefecture, to boost the morale of NFP Diet men.

EPA Chief on Account Surplus, New Jobs

OW3005023395 Tokyo KYODO in English 0207 GMT 30 May 95

[FBIS Transcribed Text] Tokyo, May 30 KYODO — Japan needs to create new businesses and jobs by reducing, at the same time, its huge account surplus, the nation's top economic planner said Tuesday [30 May].

Masahiko Komura, director general of the Economic Planning Agency (EPA), made the comment with regard to the government's announcement that Japan's April unemployment rate rose to a record high of 3.2 percent.

The EPA chief made the comment at a press conference after a regular cabinet meeting.

Komura said, "We should not be optimistic that the rate is still lower than other developed nations as corporate restructuring activities have been increasing following the yen's recent surge."

Keidanren Urges Government To Cut Trade Surplus

OW2705142195 Tokyo ASAHI SHIMBUN in Japanese 27 May 95 Morning Edition p 11

[FBIS Translated Text] At its 26 May regular convention, the Japan Federation of Economic Organizations [Keidanren] adopted a resolution saying "the government should work out an action plan to reduce Japan's trade surplus by such measures as deregulation and moving of capital functions." In a news conference after the convention, Chairman Shoichiro Toyoda noted the action plan should have characteristics such as a comprehensive package of various policy measures, including expansion of the domestic market. He stated: "If the objectives of trade surplus reduction are indicated in figures, that would bring about controlled trade."

The resolution notes: "Japan is at an important turning-point. We must demonstrate our enterprising spirit, and the government should carry out drastic measures." Thus, Keidanren called for the action plan to settle such pending issues as farm subsidies, and gaps between prices in Japanese and overseas markets.

Moreover, the Keidanren convention approved of a leadership reshuffle — Vice Chairmen Isao Nakauchi, Kanji Kawakatsu, and Katsuhiro Utada were replaced by Asahi Breweries Chairman Hirotaro Higuchi (age: 69), Seiyu Chairman Sueaki Takaoka (age: 66), and Nippon Steel President Takashi Imai.

Possibility of U.S. Aviation Sanctions Viewed

OW2605133395 Tokyo MAINICHI SHIMBUN in Japanese 26 May 95 Morning Edition p 9

[FBIS Translated Text] At a 25 May news conference, Michihiko Matsuo, administrative vice minister of the Ministry of Transport [MOT], commented on Japan-U.S. aviation negotiations, over which the United States is reportedly thinking about imposing sanctions against Japan. He disclosed a prospect that the United States would not impose sanctions this week, saying: "We failed to come to an agreement, and no schedule for future negotiations has been set. Although it is said that sanctions may be announced, the United States has made no concrete moves." Moreover, Vice Minister Matsuo also hinted at introducing a policy designed to seek a way to settle the issue through discussions, saying: "The United States, even if it decides to impose sanctions against Japan, will have more than 30 days for the formalities before it actually takes effect."

'Senior' Official on Gap in Aviation Talks

OW2705023695 Tokyo KYODO in English 0216 GMT 27 May 95

[FBIS Transcribed Text] Washington, May 26 KYODO — A wide gap surfaced in a bilateral aviation issue Friday [26 May] during a meeting between Japanese Ambassador to Washington Takakazu Kuriyama and U.S. Secretary of State Warren Christopher, a senior Japanese official said.

Kuriyama told Christopher the issue has become a long-standing problem over differences in the two nations' official stance on the 1952 Aviation Treaty, Kiyohiko Nanao, economic minister of the Japanese Embassy, told reporters.

The ambassador expressed hopes the two nations could resolve it through talks, Nanao said.

Christopher replied he is also concerned about the aviation issue, but stressed that the U.S. insistence of its legal rights under the treaty is a "strong case," the Japanese official said.

Christopher agreed with Kuriyama on the need for further efforts to break the impasse, but reserved his comments on the Japanese ambassador's demand that Washington refrain from taking any artificial action, Nanao said.

Earlier this week in Washington, senior Japanese and U.S. officials resumed talks that had been closed for years, but ended without any major progress.

Sources close to the talks said Washington is poised to impose sanctions against Japan as it is increasingly frustrated by Japan's refusal to honor fully U.S. "beyond-rights" under the aviation agreement to carry passengers and cargo to third countries after landing in Japan.

The U.S. is particularly urging Japan to accept a request made by Federal Express Corp. in the early 1990s for its plan to add the island of Cebu in the Philippines to its list of cities served from Japan.

U.S. requests also on hold include a plan by United Airlines to add Kuala Lumpur on its route from the newly built Kansai International Airport in Osaka.

In Tokyo, Transport Ministry officials have suggested that Japan will impose countersanctions if the U.S. side takes such action.

The ministry wants to renegotiate the aviation agreement itself before accepting the requests, citing excessive use of beyond rights as major problem with the old treaty.

But, the U.S. side has been continuing to refuse such formal talks that involve limiting the rights, while pressing Tokyo to approve immediately the Federal Express plan.

Failure of Aviation Talks With U.S. Discussed

OW2705124995 Tokyo NIHON KEIZAI SHIMBUN in Japanese 27 May 95 Morning Edition p 5

[FBIS Translated Text] The failure of the Japan-U.S. informal aviation negotiation was partly because of additional air route demands from major U.S. air cargo carrier Federal Express, sources said on 26 May.

In April, Federal Express Corp. submitted an application to the Transport Ministry for new routes to the Philippines from Narita and Kansai airports. Immediately before the aviation talks, the company demanded additional flights to the Philippines and new routes to China, Taiwan, and other Asian countries. The U.S. State Department urged Transport Ministry officials to accept all applications from Federal Express in the very beginning of the aviation talks, and this aroused the Japanese negotiators.

It is said that Federal Express is close to the Clinton administration and has a strong influence on U.S. politicians. Senior officials of other U.S. airlines stationed in Tokyo noted "the application for additional routes was made at the wrong time" and "they probably thought Japan would yield to strong demands."

The Transport Ministry commented "the negotiations could be smoothly settled if the United States had given new routes to Japan in return for our offer to partly accept demands from Federal Express" (as noted by Vice Transport Minister Michihiko Matsuo). The ministry intended to accept U.S. demands as a temporary agreement if the United States gave equal benefits to Japan. In the informal talks, Japanese negotiators proposed the temporary agreement to pave the way for full-fledged talks on future revision of the bilateral aviation agreement, which gives preferential treatment to the United States on such points as beyond right (or the right to fly to third countries via Japan).

Editorial on Aviation Dispute With U.S.

OW2805044295 Tokyo TOKYO SHIMBUN in Japanese 26 May 95 Morning Edition p 7

[Editorial: "We Need Dialogue, Not Fruitless Confrontation"]

[FBIS Translated Text] Following the breakdown of the bilateral auto negotiations, another problem now afflicts Japan and the United States in the area of the bilateral aviation. As informal aviation talks in Washington ended in failure, the United States has applied the same auto dispute tactics and is poised to impose sanctions against Japan.

If the United States initiates sanctions, the Japanese Government says it will take retaliatory measures. While they are busy playing a sanctions war, a dangerous possibility is emerging that the confrontation will escalate as the two nations further stiffen their hard-line attitudes, ending up in aggravating the already awkward

Japan-U.S. relations more. We cannot to allow this to happen.

Looking back at the development of past aviation talks on the opening of new flight routes, we can say that the situation has been becoming increasingly sensitive. But the two nations, not losing their temper, should strive to settle the dispute though dialogue.

From an objective viewpoint, the conduct of the United States is selfish and entirely wrong.

The talks were held at U.S. request to discuss the opening of a new route to the Philippines via Narita airport — a demand from Federal Express, a major U.S. air cargo carrier company. However, the United States, in addition to that, asked Tokyo to open several other routes so that it could fly through the third countries including China from Japan (the beyond-rights).

Although the Japanese Government rejected the U.S. call, saying the issue should be discussed at official aviation talks, the United States maintained that Japan's rejection is regrettable. This is when sanctions came in.

Such a high-handed U.S. attitude is quite similar to the strategy it took in the bilateral auto dispute brought to the World Trade Organization for settlement: Extremely unilateral and unreasonable.

The truth is, the United States dominates the international aviation world. It could even be said that this nation controls aviation business worldwide. In each area of Japan-U.S. aviation relations, including the opening of new routes, the beyond-rights, and the number of designated airline companies, Japan is in a very unfavorable position. With this in mind, Japan is calling for fair treatment, while the United States is demanding further liberalization of the airline business. But the talks have officially been suspended sine the summer of 1993.

We do not think the breakdown of the unofficial talks will immediately affect routine airline operations. However, if the two nations stubbornly stick to their own claim and impose sanctions against each other, it will be ordinary people who suffer from it.

A wide gap exists between Washington and Tokyo in their perception of the aviation issue. Imposing sanctions only adds fuel to the confrontation. Therefore, we strongly call for the resumption of aviation talks so that the dispute can be settled through dialogue.

Tamazawa: Security Pact With U.S. 'Important'

OW2905085295 Tokyo KYODO in English
0839 GMT 29 May 95

[FBIS Transcribed Text] Tokyo, May 29 KYODO — Japan's Defense Agency chief Tokuichiro Tamazawa said Monday [29 May] Japan agrees with the United States that their bilateral security pact is important in maintaining peace in East Asia.

Tamazawa was speaking at the National Press Club of Japan in reference to a move to review the pact in the wake of the end of the Cold War.

Turning to a proposed review of Japan's defense program, Tamazawa said the agency is mulling plans to reduce the number of fighter jets and revamp Maritime Self-Defense Force equipment and staff, focusing on antisubmarine and minesweeping operations.

He said a new defense program will also aim to make the Ground Self-Defense Force more efficient and accommodative.

Tamazawa expressed his regret over a series of cases in which Self-Defense Forces staff have been arrested or punished for their links to religious cult Aum Shinrikyo and pledged to take measures to prevent a recurrence of similar cases.

He dismissed the notion that the trade row between Tokyo and Washington over autos and auto parts would affect bilateral security ties.

"The Japan-U.S. relationship will never collapse over that," he said.

Foreign Ministry To Postpone Aid to Iran

OW2605025895 Tokyo EKONOMISUTO in Japanese
30 May 95 p 17

[FBIS Translated Text] The Japanese Government's yen-based loan to Iran may in effect remain frozen for a long time to come.

A decision on furnishing the second installment of a yen loan for Iranian dam construction was initially scheduled to be made by the middle of last year. But because of the suspicion that Iran was involved in terrorist activities, the United States stepped up its requests to halt the yen loan, and the deadline for the decision has been postponed. The Ministry of Foreign Affairs dispatched Government Representative Nobuo Matsunaga to Iran last March and made preliminary arrangements for carrying out the yen loan. But immediately after that, the U.S. Government prohibited an oil development project in Iran by a U.S. petroleum company. As a result, the decision was again "postponed for another two or three months," according to a senior official in the Foreign Ministry.

Still, the Foreign Ministry's judgment was that, in view of the time required for construction, they would have to make a decision by summer. But now, because the

United States has decided on a total ban of exports to Iran, the situation has come to a point where the decision "could be delayed until after the summer," the official stated.

A deadline for completing the dam by the year 2000 was the initial Iranian goal. But since it is unlikely that any country other than Japan will provide funds for the dam, there is no obstacle to delaying the construction period, except for our relationship of diplomatic trust with Iran. Japan observes the principle of "independent diplomacy toward Iran." But it has opted for a "suspended decision" by waiting for a softening of the U.S. attitude, which is not guaranteed.

Kono Voices Concern on Bosnian Situation

OW2905054095 Tokyo KYODO in English 0435 GMT 29 May 95

[FBIS Transcribed Text] Tokyo, May 29 KYODO — Foreign Minister Yohei Kono voiced strong concern Monday [29 May] over the rapidly deteriorating situation in Bosnia where Serb forces have tightened their grip on the UN peacekeeping mission.

Kono said in a statement Japan is "deeply concerned" that following the failure to extend the cease-fire agreement, Bosnian Serbs have attacked the UN Protection Force and seized hundreds of UN personnel as hostages.

He urged Serbian forces to halt the attacks against the UN at once and immediately release the UN personnel held hostage.

Japan also urges all the warring factions in former Yugoslavia to abandon weapons and resume negotiations to achieve peace, Kono said, adding Japan's support for international efforts, including those by the UN and the so-called contact group, to solve the long-running conflict.

The Japanese Government also intends to continue support and assistance to ensure the safety of UN personnel and humanitarian aid officials operating in the conflict areas, he said.

The Bosnian Serbs are taking hostage hundreds of UN personnel to ward off possible nato air strikes summoned last week.

On Sunday, rebel Serb forces in Croatia shot down a Bosnian Government helicopter near the Bihac enclave, killing Foreign Minister Irfan Ljubjankic.

Nation Prepares Aid for Sakhalin Quake Victims

OW2905025795 Tokyo KYODO in English 0241 GMT 29 May 95

[FBIS Transcribed Text] Tokyo, May 29 KYODO — Prime Minister Tomiichi Murayama said Monday [29 May] that Japan is preparing to send medicine, clothes, blankets and other daily necessities to the Russian far east island of Sakhalin, which was hit hard by a powerful earthquake Sunday.

Murayama told reporters Japan is also ready to dispatch an international rescue mission.

The premier sent a cable of condolences and sympathy Sunday over the quake to Russian President Boris Yeltsin.

The death toll from the temblor has reached at least 300 with some 3,000 others buried in the debris of collapsed buildings in the northern city of neftegorsk alone.

Regional government sources reported that another 300 have been admitted to hospital.

Chief Cabinet Secretary Kozo Igarashi said separately that about 3,000 people are missing.

A high-ranking government source said the quake-hit area is experiencing near freezing temperatures and in need of medical assistance for local quake victims.

In a related development, the Association of Medical Doctors for Asia, a group based in Okayama, said it is sending an emergency medical team of three doctors and four coordinators to Sakhalin to assist the Russians in their postquake operations.

The team is taking with it about 500 kilograms of antibiotics and other medicine, group officials said.

Igarashi: Russia Rejects Rescue Team Offer

OW3005032895 Tokyo KYODO in English 0317 GMT 30 May 95

[FBIS Transcribed Text] Tokyo, May 30 KYODO — Russia has notified Japan it does not need foreign rescue workers to assist in its search for victims of Saturday's powerful earthquake on the island of Sakhalin in the Russian Far East, a Japanese Government spokesman said Tuesday [30 May].

Chief Cabinet Secretary Kozo Igarashi told a press conference that Russian officials said the country had adequate manpower, including medical staff, for the rescue work at the area hit by the quake.

The Japanese Government has placed an international emergency rescue unit on stand-by to be dispatched to the Russian Far East.

Igarashi said Japan will, however, prepare a consignment of relief supplies at Hakodate on the northernmost main island of Hokkaido near the Russian Far East for shipment to Yuzhno-Sakhalinsk, southern Sakhalin, on Tuesday.

He said the relief goods are being sent at Russia's request.

Aide: Kim Chong-il Wants To Visit Tokyo

OW2705051495 Tokyo KYODO in English
0447 GMT 27 May 95

[FBIS Transcribed Text] Tokyo, May 27 KYODO — A close aide to North Korea's Kim Chong-il has expressed hope of visiting Japan in his letter delivered Friday [26 May] to ruling coalition members, diplomatic sources said Saturday.

Yi Song-rok, chairman of North Korea's International Trade Promotion Committee, delivered the letter of Kim Yong-sun, a secretary of the Workers' Party of Korea, in a meeting with officials of Japan's three ruling coalition parties.

Kim said in the letter he hopes to visit Japan at the invitation of the three parties — the Liberal Democratic Party, the Social Democratic Party [of Japan] and New Party Sakigake, the sources said.

Yi acknowledged his country is facing a rice shortage and requested a supply of rice from Japan.

Prime Minister Tomiichi Murayama on Friday instructed Foreign Minister Yohei Kono and Agriculture, Forestry and Fisheries Minister Taichiro Okawara to consider supplying rice to North Korea, though Tokyo has no diplomatic relations with Pyongyang.

Tokyo Decides To Supply Rice to DPRK

OW2905083695 Tokyo KYODO in English
0828 GMT 29 May 95

[FBIS Transcribed Text] Tokyo, May 29 KYODO — Japan decided Monday [29 May] to supply rice to North Korea to ease the food shortage in the communist country, a government spokesman said.

The decision emerged at a gathering of heads of the three ruling coalition parties, Prime Minister Tomiichi Murayama of the Social Democratic Party, Foreign Minister Yohei Kono of the Liberal Democratic Party and Finance Minister Masayoshi Takemura of new party Sakigake [Harbinger].

Following the government's move, the ruling parties began considering a fast dispatch of a mission to South Korea, which is reportedly concerned about Japan's rice provision plan, Chief Cabinet Secretary Kozo Igarashi told a news conference.

"From a humanitarian viewpoint, it is natural for us to respond swiftly to North Korea's request," Igarashi said. "We suspect their food shortage is very serious."

He said Japan does not know precisely how much rice Pyongyang needs.

Tokyo's decision on an emergency rice supply is supposed to come in tandem with Seoul's understanding of the scheme.

While sidestepping a question on the possibility of Japan sending rice first, Igarashi said Tokyo and Seoul can supply the grain to Pyongyang "in the form of a joint project."

Monday's decision came after North Korea admitted Friday for the first time of its long-rumored serious food shortage.

Three senior LDP officials — Vice President Keizo Obuchi, Secretary General Yoshiro Mori and former Foreign Minister Michio Watanabe — met Monday and agreed to send a coalition mission to South Korea to seek understanding on the issue, party officials said.

In the meeting, Watanabe, who led a coalition mission to North Korea in March, said Li Song-nok, chairman of North Korea's International Trade Promotion Committee, asked Japan to supply rice to his country in a meeting Friday with officials of Japan's three ruling coalition parties.

Obuchi said Japan must explain its decision to South Korea and seek understanding from the country, the officials said.

Obuchi also said it is important for North Korea to announce that it will accept aid from Seoul.

On Saturday, a South Korean Government official said Japan should supply rice to North Korea only after South Korea has done so in an effort to improve inter-Korean relations.

Kono: DPRK Must Accept ROK Rice First

OW3005044095 Tokyo KYODO in English
0421 GMT 30 May 95

[FBIS Transcribed Text] Tokyo, May 30 KYODO — Foreign Minister Yohei Kono said Tuesday [30 May] that North Korea must accept food aid from its archrival South Korea before Japan supplies rice to the north.

Kono suggested that possible political motives lay behind Japan alone being asked to make its rice available.

Kono told the House of Councillors Foreign Affairs Committee that it would be difficult to call the delivery of rice to North Korea a "purely humanitarian issue" when Pyongyang has tentatively refused an offer of rice from South Korea.

"If only our country is asked (to supply rice), then it can be thought that there are a number of political motives (behind the request)," Kono told the upper house panel.

South Korean officials expressed concern Monday that North Korea might be attempting to open a rift in Seoul-Tokyo relations by accepting Japanese rice while at the same time refusing rice offered by South Korea.

Kono added, however, "If it is purely a humanitarian issue, we must give all of our efforts to realize (the delivery of the rice)."

His remarks follow an agreement Monday among Kono, Prime Minister Tomiichi Murayama and Finance Minister Masayoshi Takemura, as leaders of the three parties in the ruling coalition, to supply North Korea with rice to ease the country's food shortages.

The coalition's leaders also decided to dispatch a mission to South Korea in order to gain Seoul's understanding of its plans.

On Tuesday, Kono was also hesitant about Japan serving as an intermediary between the two Koreas over the rice provision issue, saying "We must think very carefully whether this will be a plus or a minus in our relations with both countries."

Last week, North Korean officials visiting Tokyo admitted for the first time that crop failures had resulted in a serious food shortage and asked Japan to make its vast rice stores available for sale.

The North Korean officials also said that they would accept rice from South Korea if there were no political conditions attached, but the 50-year-old rivalry between the north and south has often been an obstacle to inter-Korean cooperation.

Intentions Behind Sending Rice to DPRK Viewed

OW2905104595 Tokyo NIHON KEIZAI SHIMBUN in Japanese 27 May 95 Morning Edition p 2

[FBIS Translated Text] On 26 May, Prime Minister Tomiichi Murayama responded positively to a call from the DPRK for supplying rice. Underlying this is the ruling parties' judgment that it will give a push to the resumption of Japan-DPRK normalization talks; and the prime minister's intention to demonstrate his own political colors in his policy toward the DPRK. As former Deputy Prime Minister Michio Watanabe said: "It could be a godsend" to promote North-South Korean dialogues, hopes for the plan are found in the coalition. Given this situation, the prime minister intends to hurry coordination at home and abroad by instructing concerned ministries and agencies to study the support plan while sending envoys and delegations to the ROK.

On the other hand, more than a few people in the government oppose the plan, in view of the fact that in the past, the DPRK has rejected rice from the ROK. A government source said: "If the DPRK is really badly off for rice, what it should do is ask the ROK first, and then Japan." Some are even wary of the DPRK's true intentions: "The North may be intending to cause a crack in Japan's ties with the South." Additionally, how will the government handle the reactions from a humiliated ROK, and the difficulties in sending rice to a nation with which it has no diplomatic ties? With all these challenges to come, more twists and turns are anticipated until the plan materializes.

"It will foster a good relationship. It will not be an obstacle." On 26 May, Watanabe, after ending his meeting with Yi Song-nok, Korean International Trade Promotion Committee chairman, reiterated his support for the plan and noted the favorable impact it will bring to the normalization talks.

The DPRK's request has been taken positively by some members in the ruling parties, especially the Social Democratic Party of Japan [SDPJ], which has a long-term friendly relationship with the Workers Party of Korea, and part of the Liberal Democratic Party [LDP], which played a major role in sending a delegation to this communist nation. An ostensible reason for the support plan is that "This is a humanitarian issue," (as stated by SDPJ Secretary General Wataru Kubo). The real motive is to pave the way for the resumption of deadlocked normalization talks.

Quickly responding to such a move in the coalition, Murayama, with this summer's House of Councillors elections in mind, intends to demonstrate the significance of the administration, which is led by an SDPJ prime minister. He seems to have judged that this is the time to exercise "leadership befitting the prime minister" over the Ministry of Foreign Affairs [MOFA], which has been cautious about his handling of the DPRK issue.

However, what should be considered most is reaction from the ROK. On 26 May, while visiting Watanabe at his office, ROK Ambassador to Japan Kim Tae-chi said: "If the DPRK asks for support, we are willing to cooperate." When it comes to the rice issue, the ambassador expressed strong concerns over Japan's initiative in the food aid because "The ROK will lose face if rice is sent from Japan."

Furthermore, there remains a specific and administrative problem: How will the government send rice to the DPRK, a country with which it has no diplomatic relations? Some coalition members are optimistic. "We could send aid through international organs or third countries. We have many channels," said Taku Yamazaki, LDP Diet Affairs Committee chairman. Meanwhile, Terusuke Terada, director general of MOFA's public information and cultural affairs, claims: "We must be informed of what was actually discussed (between Watanabe and Yi)." As such, the MOFA, for the moment, intends to remain cautious about the aid plan to the DPRK.

Editorial Discusses Rice for DPRK

OW3005010995 Tokyo YOMIURI SHIMBUN in Japanese 28 May 95 Morning Edition p 3

[Editorial: "Japan, ROK Should Take Joint Action on 'Rice Aid'"]

[FBIS Translated Text] The government has decided to consider a call from the DPRK (North Korea) for rice to alleviate what appears to be a serious food shortage.

Until only two months ago, the DPRK has asserted: "We have sufficient food, clothing, and housing." There is rampant speculation as to why the DPRK has suddenly chosen to reveal the predicament it faces.

But there seems to be no lying about how critical the situation is. We believe Japan should send aid from a humanitarian viewpoint on the condition that it takes joint action with the ROK on this issue.

A delegation of the DPRK's International Trade Promotion Committee now visiting Japan stressed the urgency of the situation when it made the rice aid request to representatives from the ruling coalition parties.

Citing unseasonable weather as a cause for the grain shortage, the delegation urged Japan's support: "We want to take as much rice as Japan can give. We will take all of the 840,000 tons (of Japan's surplus stock of imported rice). We hope rice will arrive as quickly as possible before the rainy season."

The food shortage in the DPRK has been long rumored. Experts say that this is the first time the DPRK has publicly acknowledged it. The confirmation shows how severe the shortage is and it stands to reason that we should help from a humanitarian viewpoint.

The government, however, cannot extend government-level assistance because the two nations have no diplomatic relations. It is also bound by international rules dictating that the government must gain approval from major rice exporters when it exports or supplies rice in aid.

But this can be solved. The government is reportedly considering assistance through an international organization, such as the International Red Cross, so it should make a decision in line with this idea.

Most important are Japan's relations with the ROK. In March, South Korean President Kim Yong-sam announced "the South was ready to provide a long-term, low-interest grain loan." This was rejected by the North.

The ROK ambassador to Japan commented: "Seoul would lose face if Japan supplies rice to the DPRK because Pyongyang has not rescinded its rejection of the South Korean offer." His sentiment is understandable.

Some people speculate that the DPRK needs to alleviate its food shortage to ensure a smooth power transfer before the first anniversary of the death of Kim Il-song in July. Others say the DPRK wants to drive a wedge between Japan and the ROK.

Speculation floats this way and that because there is so little information about the DPRK's domestic situation, including its food shortage. Nevertheless, Japan and the ROK should not let the issue of humanitarian rice aid sour their relations.

Japan and the ROK must work together on this issue. If the North rejects the South Korean offer, Japan will have no choice but to reconsider providing assistance.

Some say that the DPRK will stockpile rice from Japan for military purposes, while others wonder if the rice will end up in the stomachs of the hungry. Japan will probably not be able to set conditions to stem these fears, but it should address these worries to the DPRK.

Whatever happens, the emergency humanitarian aid should not hinder progress in relations between Japan and the ROK and between the two Koreas.

Murayama To Start Review of Defense Program

OW3005131195 Tokyo KYODO in English 1258 GMT 30 May 95

[FBIS Transcribed Text] Tokyo, May 30 KYODO — Prime Minister Tomiichi Murayama formally decided Tuesday [30 May] to review the nation's defense program to bring it in line with the needs of the post-Cold War era, officials said.

Murayama made the decision after meeting Vice Defense Minister Naoaki Murata at his official residence as the agency has mapped out a draft to revamp the current defense program, the officials said.

In reviewing the defense program, Murayama will chair a security conference involving the chief cabinet secretary, the ministers of finance and foreign affairs and the Defense Agency chief, they said.

The first meeting, set for June 9, will discuss a new defense program on the basis of the Defense Agency draft, with a view to adopting the new program together with next year's state budget in late December, they said.

The current program, adopted in 1976, calls for building up the country's basic defense forces so as to make Japan capable of dealing singlehandedly with a small-scale invasion.

The new draft written by the Defense Agency calls for a reduction in Ground Self-Defense Force troops while making the GSDF more efficient and flexible.

But agency officials and Self-Defense Forces staff remain apart over how many troops to cut.

GSDF To Cut Frontline Equipment, Troops

OW3005125195 Tokyo ASAHI SHIMBUN in Japanese 23 May 95 Evening Edition p 1

[FBIS Translated Text] The Ground Self-Defense Force [GSDF], which is studying what Japan's SDF will look like in the post-Cold War period, has compiled a plan to cut its strength, which has been built up for repelling a full-scale invasion, to give more emphasis to dealing with "diversified dangers" in the post-Cold War era, such as guerrilla activities. Under this plan, the number of GSDF tanks will be reduced 20 percent, or by 300. This was learned on 23 May. The plan is based on the view that the possibility of armed invasion by such forces as the Russian Army in the Far East has been reduced. This is the first time the GSDF has planned the curtailment of main frontline equipment. Under the plan, the number of ground troops will also be reduced to 150,000 from the current maximum strength of 180,000. Meanwhile, the GSDF has proposed establishing "reactive reserve units" in charge of frontline military operations.

The Defense Agency intends to hold a security council meeting soon to begin government-level review of the "National Defense Program Outline," which is Japan's defense buildup platform. The GSDF has compiled its reform plan as material for reviewing ground strength stipulated in the outline.

According to the plan, the GSDF will not replace old artillery, tanks, and other main frontline equipment that are no longer safe to use with new ones to reduce them in about 10 years. In the case of tanks, the number will be reduced to 900 from the current 1,200. The reduction's main target will be old-fashioned Type-61 tanks, which have been deployed mainly in the Kanto region and westward. The GSDF plans to transfer relatively new tanks from Hokkaido to the region for balanced deployment.

Under the plan, the number of ground troops will be reduced by 30,000, while "reactive reserve units" composed of 10,000-15,000 personnel will be established. The combined strength of regular GSDF units and reactive reserve units will be 160,000. The GSDF will pick up the members of "reactive reserve units" from among the present 46,000 reserve personnel, whose duty is limited to logistics support, such as guarding military bases. Reactive reserve unit troops will be asked to undergo training of more than 20 days a year, which is longer than the current five-day training.

The reactive reserve units' duties will include prevention of guerrilla activities aimed at destroying nuclear power plants. Although the GSDF has claimed "we have not studied the units' specific operations because it runs counter to the principle of civilian control" (as stated by a senior officer), it plans to deploy armored vehicles with tires and other equipment in the First Division in Nerima Ward, Tokyo, which is the center of Japan's political and economic activities, and in the Third Division in Itami, Hyogo Prefecture, to enhance its mobility in preparation for possible guerrilla attacks and disasters. Moreover, it will reorganize the 12th Division in Haruhigashi-mura, Gunma Prefecture, into an air-mobile operations brigade comprised mainly of helicopters so that it will be able to swiftly send troops anywhere in Japan.

The GSDF currently has 13 divisions nationwide. The reduction of its personnel will entail the reorganization of some divisions. For example, four divisions, including the 11th in Sapporo city (with 9,000 troops) and the 5th in Obihiro city, Hokkaido, (with 7,000 troops) will be reorganized to brigades (each with 4,500 personnel). Also, some conventional regiments in divisions and brigades will be transformed into units composed only of command staff, who will take charge of educating reactive reserve unit personnel.

A study of the GSDF reorganization has been made in earnest since last February, when the "National Defense Program Outline" review started at former Prime Minister Morihiro Hosokawa's request.

Major Semiconductor Firms To Boost Production

OW2705075095 Tokyo KYODO in English 0726 GMT 27 May 95

[FBIS Transcribed Text] Tokyo, May 27 KYODO — Combined investment by five major Japanese semiconductor makers is expected to hit a record high in fiscal 1995, exceeding 600 billion yen, industry sources said Saturday [27 May].

NEC Corp., Fujitsu Ltd., Mitsubishi Electric Corp., Toshiba Corp. and Hitachi Ltd. will each be making their largest ever investment to keep up with demand for semiconductors, they said.

The move is prompted by the rapid growth in personal computer markets worldwide and strong demand from southeast Asia for household electric appliances which has resulted in a thin supply of semiconductors used in those products, they said.

The companies will boost production of dynamic random access memory (DRAM) chips used in personal computers and video games, and chips for microcomputers used in electric appliances, they said.

NEC, which will enlarge its semiconductor plant in Scotland, will invest 150 billion yen, up 20 percent from the previous year.

Fujitsu will increase facilities at its Malaysian plant and boost investment by 22 percent to 130 billion yen.

Mitsubishi Electric, currently building a new factory in Germany, will invest 10 percent more to 85 billion yen.

Hitachi will increase investment by 8 percent to 130 billion yen and Toshiba by 10 percent to 110 billion yen.

Aum Connection With Former KGB Reported

952B0170 Tokyo SANDE MAINICHI in Japanese 30 Apr 95 pp 36-38

[Article by SANDE MAINICHI special reporting team]

[FBIS Translated Text] This journal's on-site report by special reporting team: Russian Special Corps "Speznaz:" Aum's connection; former corps member's direct hit.

A connection between the Aum Shinrikyo in Russia and intelligence agencies has been rumored. Even with a strict press gag in effect, the reporters have been able to contact a former KGB Speznaz (Special Corps) member. How about a connection between Aum and the KGB Speznaz?

It was a minute before the promised time when the man appeared at the entrance to the hotel near Kiev Station in Moscow's central district. He was quite tall in his thin coat. With two or three words to his interpreter, he proceeded into the first floor tea lounge. He chose a seat all the way at the back. He sat facing the rear so that other customers could not see his face; he gave the quickest of greetings and began talking as though reluctant even to doff his coat: "Now, shall we begin talking?"

Using a pseudonym was one condition. Let us say that his assumed name was "Ivanov." Ivanov was in the Speznaz of the former state security committee (KGB). He is one of an elite among whose close kin was an escort officer for a certain leader in the old Soviet era who, from the years of his youth, pointed him toward "that path."

We had wanted by all means to meet with an experienced person who had been a Speznaz corpsman or who knew the corps well. We had known that a company connected to Aum had planned a "tour to experience the Speznaz." Moreover, it was rumored that there were suspicions that it had tried to manufacture small arms closely resembling those of Soviet make. Of course, there is also the "sarin" thing. We wanted to know about connections between "Aum and the Russian (or former Soviet) Army."

The Army's official comment is "we have no connection." That may be natural. Still, we felt that if one were a veteran of Speznaz, which may be called an elite group of the Army or intelligence agencies, he would have some kind of information. Yet, it was difficult to contact anyone on active duty, of course, or even persons that had resigned from the Army. More than we had imagined, the Russian authorities were edgy about the "Russian connection" theory which the Japanese and Russian media have whipped up. It seemed that the gag order reached to the lowest level organizations.

We were even told, "Making contact with a foreign journalist will always be exposed. Since we may be bugged, please don't call me a second time."

Ivanov had assented to being interviewed in such a context.

He began by first saying this: "Listening to what you say, I think first that the Japanese have a misunderstanding. What we call the 'Speznaz' existed in the KGB, but it existed also in the Defense Ministry and Army as well as in the Interior Ministry and police. It is a general term for groups that had had special training in order to achieve certain missions (special tasks)."

What vaguely exists in the minds of Japanese may be an emergency response corps such as the U.S. "Green Berets." He says that in the former Soviet Union all sorts of government institutions independently had special units; and their members knew nothing at all about the activities of other Speznaz units.

"Before entering the Speznaz, we received special training for over half a year. Of course we had physical training, mental training, and training in marksmanship, in addition to learning about radio technology. We studied law, too. In each competition the style differed for the various Speznaz, so that we would know where they were affiliated when they showed their skills. So, I cannot use it too indiscriminately." They are units wrapped in enigmas and secrecy.

Security Company Founded With the Aim of Obtaining Arms!?

Ivanov spent five years beginning in 1975 on duty in the Afghan war. His unit has been dissolved now, but he says there were 500 members. Afterward, all documents relating to the mission were burned, and he said that "all villagers who knew of that mission all came to be disposed of." How many people, after all, were killed for the sake of the mission?

In one sense, it may be a matter of course. From his outward appearance one cannot sense that Ivanov had such "experiences." When he speaks, he even seems like a university professor, from such gestures as placing two fingers of his left hand against his temple.

When we showed him a flyer for the "tour to experience the Speznaz," planned by an Aum-related company, for the first time a smile played around his mouth.

"There's no way one can have a Speznaz experience in five days. This is 'playing around.' If it is for firing weapons, there are many places where that can be done. Also, I don't think Speznaz veterans would join in this project. Their pride would not let them. Absolutely not."

He promptly denied it. However, as we continued to listen to him talk, Ivanov came out with something very interesting. He said he is now working for a security firm. He said that because of the value of his Afghanistan experience, he is treated as a director.

Hearing about the "security company," a certain item of information came to our minds. It was that Aum had established a security firm called "Aum Protect" in Moscow and had employed former KGB officers. What was the significance of deliberately engaging the KGB?

Ivanov replied: "That is a natural thing. In Russia one cannot create a security company if one does not have on staff veterans who were in the Speznaz."

That is a fact that was not known in Japan.

As it is important, we would like to deal now with "security companies" in Russia, including things we also learned about in our later news-gathering.

In Russia where disorders continue, crime is rampant. One could say that murder cases are occurring routinely. The guarding of enterprises and individuals may be said to be almost entirely entrusted to protection by security companies and the like.

A security company president (age 34) with an army Speznaz background asserts: "Prominent enterprises are staining their hands with such economic crimes as 100-percent tax evasion. These firms cannot request protection from the police. So, private companies are flourishing."

Just like Ivanov, he had the experience of Army service in the Afghan war. According to this president, veterans of the Army, police, and KGB are vying with each other to create security companies. He says that currently in Moscow alone these number about 1,800 firms.

On the "Application for Establishing a Security Firm" filed with the authorities is a space for noting experience in a special unit. As Ivanov says, without veterans of bodies like the Speznaz the security companies could not be created. Going even further, if one wishes to carry weapons for security, one must graduate from the special schools for security firms and so on. The bearing of arms by the general populace without permits is not allowed. Because licenses are required, the opposite could be stated. If one simply sets up a company, drawing in Speznaz officers, and goes through the formal procedure, one can have a group bearing arms under one's command. The same company president says, "There are even companies that extend their reach to the guarding of other companies; but there are also many cases of setting up self-service companies to protect one's own firm."

Former KGB Veterans on Staff

Gradually the line linking Aum and the Speznaz became visible. Could it be that, by inviting in Speznaz veterans, Aum was trying to attach to itself a powerful "self-defense capability" for openly carrying weapons? There could even be a mere "nominal transfer," which is often seen in Japan, too. Are people tied to the KGB really in the Speznaz?

Here we have the "registry" of "Aum Protect." Its location is the same as the headquarters office of Aum Shinrikyo's Moscow branch. Its founding reserves are 2.5 million rubles.

Looking at this registry, Ivanov, said, "Strange." His point is the date given as the "founding registry date—November 10, 1994."

Ivanov explains: "The frequency of crimes and the flood of guns has become a serious social problem so that even the parliament is debating restrictive laws. Therefore, lately the founding of security firms, which ties into advancing the carrying of guns, is scarcely being permitted. Also, there is the aspect that the numbers of Speznaz veterans is limited. So far as I know, since the start of this year there has not been one case of a founding being permitted; and probably there were none since last fall."

In Russia, as a policy for the nation, the founding of security companies has come to be tightly restricted. In such a context, why would permission to found a security firm have been given to Aum, a religious entity, last fall? "Permission to found a security firm" has different nuances in Russia from what is called the founding of a company in Japan.

Saying "from here I am just speculating," Ivanov stated: "Aum may have had ties to higher levels in the government. It had to have had some kind of backing. Otherwise, it should not have been able to found a security firm at that time." Given his present work and his position of knowing the KGB's influence in the nation, Ivanov himself also feels dubious. He gladly agreed to our request that "we'd like you to confirm whether or not people connected to the KGB are in Aum Protect."

Saying, "I'll need a little time," he left. Three hours later, we had a call from him. He confirmed that two former KGB men were in it. It is an astounding network.

"They are a colonel from the KGB's Moscow branch and a lieutenant colonel from the northwest Moscow bureau. I cannot give their names." Saying just that, he hung up. Did Ivanov get a shock from someone in the officer class? He was in a high enough position to have influence.

Aum and the former KGB were linked through the security company named "Aum Protect." But, its real aim is not clear. In Moscow, where it is still early spring, our groping news-gathering continues.

North Korea

Nuclear Talks With U.S. in Malaysia Reported

'No Progress' in First 4 Days

BK2705090295 Kuala Lumpur Voice of Malaysia in English 0800 GMT 27 May 95

[FBIS Transcribed Text] In Kuala Lumpur, friendly atmosphere reigned as U.S. and North Korean negotiators resumed talks today on this communist country's suspect nuclear program. The U.S. side hopes to ensure that the North abides by an October 21st agreement to shut down its nuclear program in return for safer replacement reactors and other financial and diplomatic benefits. No progress was made in the first four days of negotiations but the two sides came to understand each other's positions better. Neither side would discuss the progress of the negotiations. The deadlock is over a key element of the landmark nuclear agreement in Washington [as heard]. North Korea refuses to accept replacement reactors from rival South Korea. North Korea has called the Seoul reactors unsafe, but is believed to be rejecting them out of pride.

'Talks Likely To Drag On'

BK2705093695 Kuala Lumpur THE STAR in English 27 May 95 p 21

[Article by V.K. Chin Under the Rubric "Comment": "Nuclear Talks Likely to Drag On and On"]

[FBIS Transcribed Text] It would be a minor miracle if the Americans and the North Koreans could make a breakthrough in their present nuclear talks being held in Kuala Lumpur. Their positions are still too far apart to come to any agreement.

Even the optimists will have to accept that this is likely to be a long-drawn affair. The fact of the matter is that North Koreans are not interested in any light-water reactors being built by the South Koreans, their enemies for the past 40 years.

Yet, Washington and some of its allies are determined that it is either the South Korea's model or nothing. The North is loathe to use any reactors built by Seoul even for free.

Pride is only one of the issues involved. Pyongyang certainly does not want South Korean scientists to be running about in its territory. Since both sides are not prepared to budge, not yet anyway, a stalemate is inevitable.

However, it is better that the meetings should continue. As long as the two parties are engaged in dialogue, there is less possibility of the North doing anything unpredictable.

Of course there will be some who believe that Pyongyang may be playing for time. The natural question is time to do what? The North is believed to be some distance away before it can build its own nuclear device which will threaten its neighbours.

Some Western powers would like others to believe that North Korea continues to be a threat to the region. As things stand, Seoul seems to be Pyongyang's main target.

But this is nothing new as the two states have been on full alert ever since the peninsula was partitioned at the end of the Korean War in 1953. Pyongyang has been using its bag of dirty tricks in assassinating South Korean leaders and destabilising the South.

There is little doubt too that Seoul has also been trying to create instability to Northerners who are of the same stock and share the same culture and customs.

In any all-out war, the South Koreans will have more to lose. In the period since the armistice, they have made tremendous economic progress until it is now at the threshold of joining the Organisation of Economic Cooperation and Development, the club of rich nations.

As the North has so little, its people will not be any worse off should hostilities be started. However, Seoul would like to settle their differences peacefully to protect all the economic gains it had achieved in the past few decades.

For this reason, it has taken many initiatives to have discussions with the North and the move towards eventual unification is only one of them. Unfortunately, the communist regime has not shown any interest in such overtures.

Be that as it may, it would still be good if both sides should show some sign of wanting to ease their stand. It will be in the interest of all if some progress could be achieved either in Kuala Lumpur or elsewhere.

Talks Postponed 28 May

BK2805131495 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 28 May 95

[FBIS Translated Text] The Washington-Pyongyang nuclear talks have been postponed to an as-yet-undetermined date. This decision was made after the eight-day talks failed to break the deadlock, which is said to have resulted from Pyongyang's reluctance to accept two light-water reactors from South Korea.

The delegations of the two sides held a two-hour meeting at the Embassy of the United States today. This was the fifth round of the meetings involving the full delegation from the two countries in the past eight days of talks in Kuala Lumpur.

Thomas Hubbard, the deputy Secretary of State for East Asia and Pacific Affairs, headed the U.S. delegation, while the North Korean delegation was headed by its Deputy Foreign Minister Kim Kye-kwan.

Pyongyang rejected two light-water reactors as replacements for its graphite reactors, which are believed to be capable of producing plutonium for the production of nuclear weapons. The replacement involves a cost of U.S.$4,000 million, funded by its archenemy, South Korea.

[Begin Embassy official recording] We have no schedule as yet. There are no further meetings scheduled for today. There is no further comment for now. [end recording]

'No Progress' in 29 May Talks

OW2905074195 Tokyo KYODO in English 0727 GMT 29 May 95

[By Tim Johnson]

[FBIS Transcribed Text] [Text] Kuala Lumpur, May 29 KYODO — Senior U.S. and North Korean diplomats failed Monday to narrow differences over the U.S.-organized provision of two modern nuclear power reactors to the North as they ended their eighth day of talks.

The two sides, however, agreed to meet again Tuesday.

"For three hours we had in-depth discussions on general matters relating to the Geneva agreement, including the question of light-water reactor provision. There was no progress," North Korean delegation spokesman Chong Song-il told reporters.

Representing the United States is Deputy Assistant Secretary of State Thomas Hubbard, while his North Korean negotiating partner is Vice Foreign Minister Kim Kye-kwan.

"We had an in-depth discussion on the light-water reactor issue and made no significant progress. We expect to meet again tomorrow in Kuala Lumpur," Hubbard said in a statement following the meeting at the U.S. Embassy in the Malaysian capital.

Chong said there will be working-level discussions Tuesday to decide where and when the next meeting will be held.

The two delegation leaders are trying to hammer out a compromise on the light-water reactors that are to replace North Korea's current graphite-moderated reactor program, which Washington says is designed to produce nuclear weapons.

The reactors were promised under last October's landmark bilateral accord signed in Geneva in exchange for a freeze and eventual dismantlement of Pyongyang's current nuclear program.

Pyongyang has consistently rejected Washington's demands that South Korea, as the main source of the required 4 billion dollars in funds, play a central role in the reactor project.

South Korea's YONHAP NEWS AGENCY reported that U.S. negotiators had tried in vain Sunday to confirm the faithfulness of North Korea's reported compromise proposal that Seoul and Washington jointly design the light-water reactors.

Diplomatic sources said various ideas were broached by the North Koreans on Sunday to overcome the impasse, none of which was deemed acceptable by the U.S. and its South Korean and Japanese allies behind the scenes.

Talks To Resume 31 May

BK3005090295 Kuala Lumpur Voice of Malaysia in English 0800 GMT 30 May 95

[FBIS Transcribed Text] The United States and North Korea have ended their tenth day of critical nuclear talks in Kuala Lumpur with no signs of breaking an apparent stalemate. Talks will resume tomorrow. Chief U.S. negotiator Thomas Hubbard, a U.S. assistant secretary of state, and North Korean Vice Foreign Minister Kim Kye-kwan met for less than an hour for a one-on-one discussion in the North Korean Embassy today.

Hubbard and Kim have met almost every day for more than a week, but admitted in separate statements they had made no significant progress. The [words indistinct] implementing an accord to curb Pyongyang's nuclear industry are the light-water nuclear reactors Washington insists Pyongyang take to replace its current ones. Light water reactors produce less of the plutonium needed to make nuclear bombs, which Washington suspected was the aim of the North Korean nuclear program.

Ministry Spokesman Clarifies Reactor Issue

SK2705052495 Pyongyang KCNA in English 0513 GMT 27 May 95

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — A spokesman of the Foreign Ministry of the Democratic People's Republic of Korea (DPRK) today answered a question put by KCNA concerning false rumours about the reactor model issue now under discussion at the talks between the DPRK and the United States in Kuala Lumpur.

He told KCNA: Since the DPRK-U.S. talks began several days ago in Kuala Lumpur, mass media of some countries have spread false rumours that the talks are in an impasse as the U.S. side urges the DPRK to accept South Korean-model light water reactors while the DPRK side flatly rejects the U.S. proposal on the ground that they are unsafe politically and technologically. This is a wrong speculation based on a poor understanding of the fact.

Ever since the reactor model issue was raised, we have consistently maintained that we attach importance to what country's technology and design the reactors are based on and that we do not give much importance to where they are manufactured.

The problem is that the U.S. side, motivated by another purpose, insists on offering light water reactors to the DPRK, labelling them as South Korean model although they are based on U.S. technology and design.

It is known to the world that there exist no South Korean-made light water reactors in the true sense of the word. If any, they are based on technology and design of the suzerain state.

This being the fact, it is ridiculous of the South Korean authorities to offer the reactors based on U.S. technology and design to the North by naming them South Korean model.

The behavior of the United States and the South Korean authorities cannot be justified in any aspect, and it is the height of folly. No one can deny our legitimate right as the buyer, and no one can impose his wrong will on us.

As long as the reactor issue is under discussion, we will insist on our claim concerning the technology and design of the reactors we are going to import.

NODONG SINMUN Rejects ROK Reactors

SK2805141995 Pyongyang Korean Central Broadcasting Network in Korean 1228 GMT 28 May 95

[NODONG SINMUN 28 May commentary: "No South Korean-Manufactured Light-Water Reactor Exists"]

[FBIS Translated Text] The United States continuously insists on unjust positions on the provision of light-water reactors, a central issue in the DPRK-U.S. framework agreement. A representative position is that we should receive South Korean-type light-water reactors. This demand by the United States is groundless and unreasonable. This is because no South Korean-manufactured light-water reactor exists.

The raving about the South Korean-model light-water reactors by the United States and the South Korean puppets is empty talk. The South Korean-manufactured light-water reactor is a ghost, even the concept of which does not exist.

The No. 10 1994 edition of MAL, a South Korean magazine, writes that the South Korean-model light-water reactor is non-existent, not only in concept, but in substance. Even numerous nuclear energy experts worldwide are unaware of the existence of a South Korean-model light-water reactor. That is to say, the South Korea-model light-water reactor is not recognized internationally and, therefore, is unheard of in the world's nuclear reactor market.

Then how did the expression South Korean-model light-water reactor begin to be used? PATRIOT, a Russian newspaper, writes on this: The South Korean-model light-water reactor is a ghost reactor that was suddenly concocted when the issue of providing light-water reactors to North Korea was raised. This proves the South Korean- model light-water reactor was concocted for some political purpose.

A light-water reactor is given a new type of name when there is appropriate justification to do so. South Korea cannot design a light-water reactor or produce major equipment on its own and does not possess technology to build such a reactor.

The 17 August 1994 edition of Japan's ASAHI SHIMBUN reports that the nuclear reactors in South Korea are based on U.S. and French technology.

The 1 May edition of TONGIL MADANG, a newspaper of Korean residents published in Los Angeles, the United States, reports that South Korea changed the design of the No. 3 Ulchin unit to improve the handles and other operational devices, which had been designed for Americans' physical characteristics, to fit South Korean people's physical characteristics. Even South Korean nuclear energy experts say no one knows when the design of a South Korean-model light-water reactor will be complete.

South Korea, which is incapable of designing a nuclear reactor, is trying to improve someone else's reactor a little and then dares to name it South Korean-manufactured. This is truly shameful.

Japan, which is said to be developed in the nuclear energy field, cannot use the expression Japanese-type on the grounds that it did not change the design to the extent that the basic concept of the design is changed.

South Korea cannot manufacture equipment and machines on its own and, therefore, has to import them from foreign countries: It imports the reactor cores from Combustion Engineering Company, the turbine generators from General Electric Company, and designing and technological services from Sergeant and Lundy Company. In other words, there is virtually nothing South Korean in the so-called South Korean-manufactured light-water reactor.

As shown, South Korea has no capability for manufacturing nuclear reactors on its own, and therefore no South Korean-manufactured light-water reactor exists. If, as South Korea insists, anything exists, something manufactured by its overlord may exist.

The South Korean-manufactured light-water reactor about which the United States and the South Korean puppets are raving is most probably a U.S. reactor with a South Korean cap on it.

The United States says it will provide the nonexistent South Korean-manufactured light-water reactors to us. This is nonsense.

The United States should no longer insist that it provide light- water reactors — which are based on its own technology and design —to us under someone else's name.

Local, Foreign Media Denounce ROK Reactors

SK2805083295 Pyongyang KCNA in English
0823 GMT 28 May 95

["South Korean-Made LWRs Do Not Exist" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 28 (KCNA) — U.S. unreasonable insistence on the provision of "South Korean-model" light water reactors as regards the supply of light water reactors, which is a cardinal matter of the DPRK-U.S. framework agreement, is a far-fetched argument with no ground, and South Korean-made light water reactors do not exist at all, says NODONG SINMUN in a signed commentary today.

South Korean-made light water reactors are a ghost with no notion, the analyst says, and continues:

According to the Issue No. 10 of the South Korean magazine "MAL" published in 1994, "South Korean-model" light water reactors have "not a notion, nor do they exist."

Many specialists in atomic energy the world over have no idea of the "South Korean-model" light water reactors. In other words, it is not recognised internationally that there are South Korean-made light water reactors, and accordingly, their brand is unknown to world reactors market.

How can the words of South Korean-made light water reactors be set afloat?

In this regard the Russian paper PATRIOT says:

"'South Korean-model' light-water reactors are a fiction suddenly invented at a time when the provision of light water reactors to the DPRK was high on the agenda."

All this proves that South Korean-made light water reactors are a fiction designed to be used for a political purpose.

South Korean specialists in atomic energy say that nobody knows when a design of "South Korean-model" light water reactors is completed. In such circumstances, it is the height of folly for those who cannot work out a reactor design to try to describe the foreign-made reactors as South Korean-made after modifying them a little.

The analyst further says:

Anything South Korean-made cannot be seen in the light water reactors described as South Korean-made. The South Korean-made light water reactors advertised by the United States and the South Korean puppets may be U.S.-made light-water reactors with the South Korean brand.

The United States should no longer insist on the supply of its light water reactors with other's name to the DPRK, the light water reactors that are based on the U.S. technology and design.

MINJU CHOSON says South Korean-made light water reactors have not existed and they are a fiction, and if any, they are the light water reactors described as South Korean-made, though they are based on U.S. technology and design.

KCNA Cites Foreign Support for Reactor Stance

SK3005101895 Pyongyang KCNA in English
1013 GMT 30 May 95

["U.S. Should Provide Pyongyang With Most Feasible LWRs" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — World public circles are voicing support to the principled stand of the Democratic People's Republic of Korea as regards the light water reactor [LWR] issue.

Chairman of the All-India Freedom Fighters Association Sil Badraji [spelling of name as received] in a statement issued to the press May 25 said the United States should discard an obsolete mode of thinking and take a measure to provide Pyongyang with the most feasible light water reactors.

"Socialist Korea has the right to opt for light water reactors whose model is suitable to its specific conditions," he said, and added: "It is as good as an open pressure and blackmail on an independent sovereign state to compel Pyongyang to accept the non- existent 'South Korean-model light-water reactors' already refused by it."

O.H. Makinda [spelling of name as received], chief of a department of the Dar-es-Salaam Teachers' College of Tanzania and secretary general of the Group for the Study of the Chuche Idea of the college, in a press statement said the U.S. is insisting on the provision of "South Korean-model light-water reactors" in order to increase its pressure and blockade against the DPRK, stamp out the socialist Korea and augment its aggression forces in South Korea.

The Russian paper PATRIOT said South Korea has not manufactured even an atomic reactor by itself until now. The "light-water reactor of South Korean model" is a ghost, it stressed.

Response to Experts' Concerns on Cooling Pond

SK2705110695 Pyongyang KCNA in English
1041 GMT 27 May 95

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — Foreign news reports from Vienna quoted nuclear experts as warning that the Democratic People's Republic of Korea is likely to reprocess fuel rods on the ground of safety in case the DPRK-U.S. talks break down.

A spokesman of the International Atomic Energy Agency [IAEA] said IAEA inspectors in Yongbyon were checking fuel rods stored in the cooling pond every day lest they should be transferred to another place for reprocessing.

Nuclear experts express concern over the fact that the cooling pond is in a state below the standard.

Paper Demands U.S. Give Up 'Nuclear War Plan'

SK2705103795 Pyongyang KCNA in English
1026 GMT 27 May 95

["U.S. Must Give Up Nuclear War Plan" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — The United States must give up the nuclear war plan against the DPRK and lend an ear to the voices of the Korean and other peoples of the world desirous of peace and reunification of Korea, declares NODONG SINMUN in a by-lined article today.

The article says: The bellicose elements of the United States are resorting to adventures to unleash a nuclear war on the Korean peninsula.

The United States has recently shipped large quantities of up-to-date planes, tanks, armored vehicles and missiles to South Korea to arm the U.S. troops in South Korea and the puppet troops. It is especially reinforcing its bases in the Asia-Pacific region allegedly to cope with "case of emergency" on the Korean peninsula.

U.S. nuclear warmaniacs have long since worked out a dangerous war plan of dropping nuclear bombs on the northern half of Korea.

They have staged nuclear war games against the DPRK in the sky and on the ground and the sea, mobilizing hundreds of thousands of U.S. troops and South Korean puppet troops, nuclear aircraft carriers, nuclear-capable fighters, missiles capable of carrying nuclear warheads and other means of war in large quantities.

At the same time, they ceaselessly held U.S.-Japan joint military exercises and U.S.-Japan-South Korea Rimpac military exercises within the framework of preparations for nuclear war.

They plan to stage a large-scale war rehearsal with the South Korean puppets in October this year allegedly to fill the vacuum following the suspension of Team Spirit joint military maneuvers.

Korea is a part of the world. Prevention of nuclear war in Korea is directly linked to world peace and security.

If a nuclear war breaks out in Korea due to the United States, Asia as well as the world may suffer a nuclear scourge.

If the United States truly wants world peace, it must act for removal of the danger of nuclear war and preservation of a lasting peace on the Korean peninsula. To this end, the United States must take practical measures for establishment of a new peace mechanism.

If the United States continues to take the adventurous road to war, ignoring our peace overtures, military conflicts are inevitable on the Korean peninsula.

Nuclear arms are not almighty. The United States is mistaken if it thinks it can subdue the Korean people with strength.

Paper Decries U.S. Soldiers' 'Outrages' in ROK

SK3005100995 Pyongyang KCNA in English
1003 GMT 30 May 95

["U.S. Troops' Outrages and Treachery Repeated" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — The Kim Yong-sam group is suppressing the people's anti-U.S. struggle, while patronizing the brutal outrages of the U.S. imperialist aggression forces in South Korea, says MINJU CHOSON in a commentary today.

The South Korean puppets, describing the U.S. forces' continued outrages as an "ungentlemanly act", prattled that the police should "make best use of preliminary investigation right" and "mayors and county heads should maintain an organic cooperation system with unit commanders of the U.S. forces" to prevent incidents. Worse still, they are intensifying guard over the U.S. facilities, while firing tear gas and brandishing truncheons to crack down upon the people protesting against the U.S. forces' crimes.

Branding such flunkeyist treachery as an act of defending and patronizing the crimes of the U.S. forces, the analyst goes on: It is too clear that as long as the U.S. forces remain in South Korea and the flunkeyist-traitor Kim Yong-sam remains in power, the South Korean people cannot avoid danger from the crimes of the U.S. forces. The way of the South Korean people to prevent sufferings from the U.S. forces' crimes is to put an end to the unequal submissive relations with the United States, get the U.S. forces withdrawn from South Korea and remove the traitor Kim Yong-sam clique fawning upon outside forces and realize social democratization.

Kim Yong-sun Meets With CNN Top Management

SK2705052595 Pyongyang KCNA in English
0428 GMT 27 May 95

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — Kim Yong-sun, secretary of the Central Committee of the Workers' Party of Korea and chairman of the Korean Asia-Pacific Peace Committee, on May 26 met and conversed with Tom Johnson, president of the CNN International of the United States and his party.

Trade Working Delegation Departs for U.S.

SK2905103695 Pyongyang KCNA in English
1017 GMT 29 May 95

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — A Korean trade working delegation headed by the secretary general of the Korean Committee for the Promotion of International Trade left here today for a visit to the United States.

Navy Seizes Intruding 'Unidentified Ship'

SK3005084295 Pyongyang Korean Central Broadcasting Network in Korean
0810 GMT 30 May 95

[FBIS Translated Text] This just in. A patrol boat of the Navy of the Korean People's Army [KPA] captured an unidentified ship which illegally intruded deep into our country's territorial waters off the West Sea [Yellow Sea].

Around 1240 today [0340 GMT], an unidentified ship illegally intruded deep into our country's territorial waters off the West Sea. Although the KPA Navy patrol boat fired a warning shot at the unidentified ship, which refused to comply with our regulatory measure pursuant to a strong self-defense, the ship tried to escape. Therefore, our patrol boat captured it as a decisive measure.

A relevant organization is investigating the ship at present.

ROK Carries Out War Exercise Against North

SK2905045295 Pyongyang KCNA in English
0441 GMT 29 May 95

["Large-Scale Landing Exercise" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — The "civilian" military hooligans carried out a war exercise against the North codenamed "95 Coastal Landing Operations" in the western sector of the front on May 26 by mobilising a puppet naval unit, a Seoul-based radio reported.

The South Korean puppet clique is committing provocative war exercises against the North one after another in a bid to screw up the tension of the Korean peninsula to put a brake on the implementation of the DPRK-U.S. framework agreement and find a way out of the crisis.

This eloquently shows that the Kim Yong-sam group, though it pays lip service to "dialogue", has neither qualification to speak of dialogue nor will for reunification.

Withdrawal of 'Illegal' Arms From DMZ Demanded

SK2705105895 Pyongyang KCNA in English
1037 GMT 27 May 95

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — The South Korean puppets introduced 90 mm recoilless guns and large-calibre machine guns into positions in the southern portion of the Demilitarized Zone (DMZ) in the central sector of the front on Friday, military sources said.

Meanwhile, hundreds of puppet army soldiers made their way into the DMZ in the central sector of the front and levelled machine guns and automatic rifles at the North side in a fit of war frenzy.

This was a premeditated provocation of the Kim Yong-sam group to artificially aggravate the tensions in the DMZ.

The South Korean puppets must clearly see the situation, act with discretion and immediately withdraw the illegal introduced armed personnel and heavy weapons from the DMZ.

Paper Denounces Remarks by ROK Military Leaders

SK3005045995 Pyongyang KCNA in English
0442 GMT 30 May 95

["War Exercises of Kim Yong-sam Group Under Fire" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — The puppet defence minister recently called a "meeting of leading commanders of the whole army" at which he ordered them to perfect the military preparedness under the pretext of "North's arms buildup" and "strategy of communisation". Such belligerent outbursts rolled off the tongue of the puppet chief of naval operations.

Commenting on this, a news analyst of NODONG SINMUN today says:

It is needless to say that the sincere efforts of the DPRK for peace and peaceful reunification have nothing to do with "unification by communisation", "arms buildup" and "military provocation".

It is none other than the South Korean puppets who are getting overheated to put the already-worked out plan for northward invasion into practice hand in glove with outside forces.

The South Korean puppet clique are continuing grave military provocations these days. They infiltrated fighter planes into the airspace of the North side in broad daylight and sent heavily armed bandits into the areas of the Demilitarized Zone to fire large-calibre machine-gun bullets toward the North side.

The analyst further says:

It is becoming all the clearer that the Kim Yong-sam group of traitors intends to put a spoke in the implementation of the agreed framework reached between the Democratic People's Republic of Korea and the United States and start a war against the North at any cost with outside forces by coiling up the tension on the Korean peninsula and bringing the situation to the brink of war.

"Possible provocation" by the North and its "strategy of communisation" on the lips of the puppets are nothing but a false propaganda to cover up their criminal attempt.

The reckless outbursts of the puppets in opposing the national reconciliation and unity and inciting the fever of war against the North can never be a tactics to prolong their remaining days. The warlikers should look straight at the reality and cool the war fever.

If the Kim Yong-sam group dares provoke the North as there is a saying that a new-born puppy knows no fear of tiger, it will pay dearly for the consequences.

ROK Defense Minister's Remarks Denounced

SK2705052895 Pyongyang KCNA in English
0501 GMT 27 May 95

["War Fever Incited in S. Korea" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — The puppet defence minister of South Korea, Yi

Yang-ho, called a "meeting of major commanding officers of the Armed Forces" on May 25 and cried out for "all-out effort for full military preparedness," inciting a war fever, a radio report from Seoul said.

This year, Yi Yang-ho has made bellicose remarks several times, calling for "full preparedness for combat." This shows he is a heinous bellicose element hell-bent on an effort to unleash a war against the North.

By doing so, Yi Yang-ho seeks a criminal intention to aggravate the North-South relations, render the situation on the Korean peninsula extremely strained and ignite a new war. His another purpose is to save "military discipline" from crisis.

Even if the bellicose elements of South Korea call "meetings of major commanding officers of the Armed Forces" a hundred times and make bellicose remarks, it is a futile act.

They must clearly see our resolution and will of answering fire with fire.

If they perpetrate a military adventure despite our repeated warnings, they will be burned in the flames set by themselves.

South Accused of Inciting 'War of Aggression'

SK3005025695 Pyongyang Korean Central Broadcasting Network in Korean 1223 GMT 29 May 95

[Commentary by Yun Pyong-son: "Rash Act Which Instigates Confrontation"]

[FBIS Translated Text] The South Korean puppets are acting hurriedly with war fever, jumping into fire and water. According to a report, on 27 May the Chief of Naval Operations of the puppet Navy held a war confab of the so-called major naval commanders' conference and babbled about strengthening the military posture and combat preparedness and the like, preposterously laying the blame at our door.

Needless to say, this is an absurd remark aimed at inspiring war fever to further damage North-South relations and further aggravate tensions to ignite a new war. Clamoring that we, who love peace and who desire great national unity, are threatening someone, is indeed preposterous. Although the puppets have clamored for scores of years about someone's provocations and southward invasion, such things have never taken place. Rather, the danger of a war of aggression comes from the South.

This is proven by the war exercise staged on 26 May. That day, the puppets staged a large-scale war exercise called the coastal amphibious operation-95 in a coastal area of the west frontline by mobilizing marine corps units and clamored about reconfirmation of combat capability and chastisement of someone.

As everyone knows, the purpose of an amphibious operation is to attack the opposite side. This is basic common knowledge. From such a viewpoint, the coastal amphibious operation-95 was a thorough provocative war exercise aimed at invading the North, and it indicates that the danger of war on the Korean peninsula comes from the South, not from the North.

In view of the recent arms buildup maneuvers and military provocation maneuvers we can also say that the danger of war comes from the South, not from the North.

Following the introduction from the United States of a large number of missiles and war equipment last year, this year, too, the puppets are desperately running wild to introduce a large number of missiles, submarines, undergound military equipment, and large-caliber artillery pieces from the United States and other Western countries. The rascals are also perpetrating a large-scale war exercise for a northward invasion and military provocation acts in the area of the Military Demarcation Line on a daily basis.

Nevertheless, the puppets are babbling about someone's provocation and the like. This is a shameless act like a thief accusing the victim. Someone's provocations and the like that the puppets are clamoring about are nothing but sophistry intended to justify their maneuvers for a war of northward invasion; and their clamoring about strengthening military posture and combat preparedness and the like is nothing but preparation for a war of northward invasion.

More than anything else, we cannot overlook the frequent war confabs. Scores of criminal war conferences, including the so-called meeting of major military commanders of the armed forces held on 25 May, were held this year. Extremely absurd remarks such as smashing at an early stage, reducing to ashes, chastisement, and the like erupted without exception at these talks.

These facts show that the Kim Yong-sam ring is trying to ignite a war of northward invasion. The puppets' war frenzy has reached an extreme stage. The Kim Yong-sam ring, which is sharpening the knife to kill fellow countrymen, is not qualified to talk about dialogue and reunification.

A mad dog will try to bite anyone. Likewise, no one can predict when the puppets who have become crazy about war maneuvers will trigger a fire game. However, the Kim Yong-sam ring can only gain ruin from its maneuvers for a war of northward invasion.

Our people's firm and invariable will and determination will not tolerate the war inciters.

If the puppets ignite a war despite our repeated warnings, our people will rise as one and retaliate against the rascals a thousand fold. The Kim Yong-sam ring should look straight at reality and should not run wild.

Letters Sent to ROK Groups Urging Festival

SK2905103395 Pyongyang KCNA in English
1011 GMT 29 May 95

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — The North side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon) and the Central Committee of the Korean Christian Federation respectively sent letters to the South side headquarters and overseas headquarters of Pomchonghangnyon and the Council of Christian Churches of South Korea concerning all the more undisguised schemings of the South Korean authorities to block the grand national reunification festival celebrating the 50th anniversary of national liberation.

The South Korean authorities held a "meeting of ministers related to unification and security" some time ago and published their official stand of not allowing reunification functions slated in Panmunjom by civilian organisations and people of all walks of life in South Korea, the Panmunjom joint prayer meeting which was already agreed upon between the North and South Christian organisations, still less the large-scale functions of public organizations related to reunification in South Korea around August 15.

In this regard, the North side preparatory committee of the grand national reunification festival marking the 50th anniversary of national liberation held an emergency meeting in Pyongyang on May 20 and discussed measures to tide over the grave difficulties created recently.

The North side headquarters of Pomchonghangnyon in letters, said it became clearer that any good will and national conscience can no longer be expected from the South Korean authorities. It added that all the youth and students in the North, South and overseas should take the lead in the struggle to decisively punish the Kim Yong-sam splittist group and bring to a success the grand national reunification festival celebrating the 50th anniversary of national liberation, united more closely under the banner of Pomchonghangnyon.

The Central Committee of the Korean Christian Federation in a letter expressed the belief that the Council of Christian Churches and Christians in South Korea who invariably covered the patriotic road for the independent and peaceful reunification of the country would valiantly turn out in a righteous struggle to bridge over the difficulties and bring the joint prayer meeting on August 15 to a success at any cost.

Rally in Seoul on Labor Disputes Reported

SK3005043495 Pyongyang KCNA in English
0420 GMT 30 May 95

["Rally Against Suppression of Labor Movement" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — The Council of Representatives of Labor Unions of Public Workers, an umbrella organisation of unions at some 140 companies in South Korea, held a rally in Seoul on May 27 in protest against the suppression of the labor movement, attended by more than 10,000 unionists and students, a radio report from Seoul said.

In a resolution released at the rally they accused the puppet government of suppressing legitimate union activities for a "security-oriented rule" and announced that a joint struggle for wage hike will be launched and that labor disputes will extensively be conducted from late May to early June.

ROK People's 'Reverence' for Kim Chong-il Noted

SK2905103195 Pyongyang KCNA in English
1005 GMT 29 May 95

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — Reverence for the great leader Comrade Kim Chong-il is growing intense among South Korean people, according to Seoul-based radio Voice of National Salvation quoting the Information of the Seoul and South Chungchong Provincial Committees of the National Democratic Front of South Korea.

Chae Mun-il, a member of the "Sun-Following Society" active in Taejon, South Chungchong Province, contributed an article entitled "General Kim Chong-il is Great Master of Politics Who Exalts Dignity and Honor of Nation" to the issue No. 4 of the WALL POSTER "Sunlight" published by the society, which reads in part:

General Kim Chong-il is not only wisely leading the state affairs as a whole with his independent political philosophy, but is holding fast to independence in external relations, not allowing pressure and interference of outside forces.

Indeed, it is the pride and honor of all the fellow countrymen in the North and South of Korea that with General Kim Chong-il, a veteran statesman, at the head of the nation the dignity of the nation is fully demonstrated to the international community.

On the first day of May, more than 25,000 workers and students held an anti-"government" rally at Seoul National University. When they were marching to the Poramae Park, copies of literature in the name of a pro-reunification patriotic society revering Comrade Kim Chong-il were scattered over the demonstrators.

The literature says:

General Kim Chong-il is the sun and destiny of the nation. A bright future of national reunification and prosperity lies in holding him in high esteem and following him.

Let us all turn out to build in this land a true world of people's happiness and comfort as in the North led by General Kim Chong-il!

A certain Choe, an activist of labour movement, after seeing the literature, told his fellow demonstrators:

I came to have a conviction that our people are able to surely enjoy happiness and comfort in a reunified land as they hold General Kim Chong-il in high esteem as the sun of the nation.

He added if they want to live in a world for the working class, they should certainly be led by General Kim Chong-il.

ROK 'Violence' Against Reunification Viewed

SK2905055595 Pyongyang KCNA in English 0510 GMT 29 May 95

["Traitor's Violence Against Reunification" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — The Kim Yong-sam group demanded three years' imprisonment for An Ho-sang, leader of Taejonggyo, and Kim Son-chok, chairman of the National Council for Reunification and Restoration, of South Korea for the mere reason that they visited Pyongyang to see the tomb of the father of the Korean nation and perform a religious service.

NODONG SINMUN today, commenting on this, says the violence revealed again that the Kim Yong-sam group is a herd of villains who have no idea of ancestors and the nation and trample down the beautiful manners and customs of the fellow countrymen, and anti-reunification partitionists who take no account of reunification.

The analyst says:

South Korean religionists and public figures are openly expressing their willingness to participate in the August 15 grand national reunification festival with the festival drawing nearer. Upset by this, the Kim Yong-sam group are spreading rumours that reunification-related functions slated for August 15 will "bring a confusion" to South Korean society and threatening that all of them will not be allowed but be suppressed at the point of bayonet. And by punishing the two religionists the group are seeking to throw a wet blanket over the ardent desire of the people from all walks of life for reunification in a bid to put it down.

It is the height of impudence that the traitor Kim Yong-sam, the very one who has brought social disorder to South Korea, demanded imprisonment for the religionists on the charge of causing a "confusion."

Under the traitorous Kim Yong-sam "regime" in South Korea the improvement of relations and reconciliation between the North and the South and reunification cannot be expected any time, nor can the South Korean people extricate themselves from disasters and misfortunes.

Kim Yong-sam 'Pro-Japanese Flunkeyism' Denounced

SK2705055995 Pyongyang KCNA in English 0505 GMT 27 May 95

["Pro-Japanese Traitor's Colour Revealed Again" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — The traitor Kim Yong-sam invited the family of a son of Watanabe, who was a Japanese teacher when Kim Yong-sam was a middle school student.

Kim Yong-sam alleged that Watanabe treated Korean students just the way he did Japanese students.

Kim Yong-sam had asked Japanese journalists to find out the whereabouts of Watanabe's son and his family, and now invited them to South Korea.

This was motivated by his pro-Japanese flunkeyism and this predicts that his treacheries will get pronounced in future, stresses MINJU CHOSON today.

The news analyst says:

During the colonial rule of Japanese imperialism, Korean students were subject to national humiliation and maltreatment by Japanese teachers. If it is true that Kim Yong-sam received the same treatment as the Japanese students, it is probably because he tried hard to become a "citizen of the Japanese empire" as the Japanese students did.

In the final analysis, Kim Yong-sam was a gifted pro-Japanese traitor obsessed with flunkeyism from his childhood.

The more undisguised his pro-Japanese treacheries, the more powerful the people's struggle to oust him.

Hanchongnyon Discusses ROK Labor 'Suppression'

SK2705055795 Pyongyang KCNA in English 0520 GMT 27 May 95

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — The South Korean Federation of General Student Councils (Hanchongnyon) called a press conference at Korea University on May 25 and demanded that the "civilian-veiled" fascist clique immediately stop the suppression of the labour movement which has been launched to establish "security-oriented rule" with the "local autonomy elections" at hand, according to a report.

Hanchongnyon declared that it would enter into a solidarity struggle if the fascist clique persists in its crackdown upon the trade union of the Telecommunication Co.

It also urged the puppet clique to ensure the grand national reunification festival of April 15 scheduled in Panmunjom and nongovernmental exchanges for reunification.

Kim Yong-sam Denounced for 'Suppression' of Labor

SK2705055695 Pyongyang KCNA in English 0517 GMT 27 May 95

["S. Korean Fascist Clique's Suppression of Labour Movement Denounced" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — The secretariat of the Committee for the Peaceful Reunification of the Fatherland issued its Information No. 685 on May 26 denouncing the Kim Yong-sam fascist clique for harshly cracking down upon the struggle of workers of the Hyundai Motor Co. plant in Ulsan and the Telecommunication Co. of South Korea for the right to existence.

The information says:

Previously, the traitor Kim Yong-sam ruthlessly cracked down upon the struggle of the workers for elementary right to existence on the strength of the notorious "emergency arbitration power", branding it as a "collective egoism". Nowadays, he is crying for a merciless suppression of the struggle, labelling it as a heavy offence against the safety of the state. Public opinion at home and abroad is now expressing deep astonishment at this.

The ruthless suppressive row of the Kim Yong-sam fascist clique is nothing but a fit of frenzy to bar the surging struggle of the workers from expanding into an anti-"government" struggle by resorting to the fascist "new security-oriented rule" with the "local autonomy elections" at hand.

It is a foolish dream if the traitorous Kim Yong-sam group thinks that it can prop up the declining destiny of the "civilian regime" with reckless bayonet-brandishing.

South Korean workers will expand their righteous struggle for the vital rights into a struggle against Kim Yong-sam and make a stern judgement upon the clique of traitors at the "local autonomy elections".

Daily Urges 'Vengeance' on 'Murderers of Kwangju'

SK2705054295 Pyongyang KCNA in English 0445 GMT 27 May 95

["Traitor Defending Murderers Must Be Overthrown First" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — "People's Meetings for Urging Indictment Against Those Responsible for the May 18 Massacre" were held simultaneously in Seoul, Kwangju and eleven other cities and then commemorative meetings and memorial services throughout South Korea on the occasion of the 15th anniversary of the Kwangju popular uprising and a resolution urging indictment against the principal culprits of the massacre was adopted. NODONG SINMUN today says this is a manifestation of the indomitable will of the South Korean people never to pardon the murderers of Kwangju and the fascist rulers patronizing them; it is too just and natural.

The analyst continues:

The traitor Kim Yong-sam committed himself to probe the truth behind the Kwangju incident and punish its prime movers when he took office. But he broke his "commitments" and has patronized the murderers, saying that the former "presidents" should "be cordially received" and "be judged by history", and he is now further intensifying political tieup with them.

In order to solve the Kwangju problem, it is necessary to liquidate the colonial fascist dictatorial system which was set up on the sea of blood of Kwangju and replaced by the present-day's "civilian" fascist regime, put an end to the domination and intervention of the United States that commanded the Kwangju massacre behind the scene and, to this end, it is imperative to overthrow the traitor Kim Yong-sam who is defending the murderers, wearing the "civilian" mask.

The people from all walks of life in South Korea should overthrow the traitor Kim Yong-sam who is defending the murderers of Kwangju, probe the truth behind the

Kwangju incident and punish the prime movers so as to wreak vengeance upon the murderers.

ROK Denounced for Deporting French Reporter

SK2805084195 Pyongyang KCNA in English 0826 GMT 28 May 95

["Cursed Kingpin of Human Rights Abuses" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 28 (KCNA) — The Kim Yong-sam group's deportation of a journalist of the editing photographs agency in France from Seoul was an outrageous challenge to the elementary human rights and democracy and a vicious slaughter of free speech, says NODONG SINMUN today.

The Kim Yong-sam group is claiming that the French journalist visited Pyongyang before travelling to Seoul and tried to engage himself in "propaganda of communism", showing the homogeneity of the Korean nation at a photo show in Seoul, and so he was declared "persona non grata" who violated the "National Security Law", the analyst says, and continues: Their allegation is a ridiculous sophism, which won't go down with anyone.

If a foreign journalist made efforts to show the homogeneity of the Korean nation, the custom handed down from the time of its remote ancestors, the history and civilisation of the Korean nation, his act was [words indistinct] it is an unpardonable crime.

The deportation shows that with the notorious "National Security Law" left alone genuine human rights and democracy cannot be expected at all in South Korea.

Vice Premier Departs for Iran

SK2705105395 Pyongyang KCNA in English 1033 GMT 27 May 95

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — Kim Yong-nam, vice-premier and minister of foreign affairs, and his entourage left here today to visit Iran.

They were seen off at the airport by First Vice-minister of Foreign Affairs Kang Sok-chu and other officials concerned and charge d'affaires ad interim of the Iranian Embassy here Mir Eskandari [name as received].

During the visit they will discuss matters on further developing in depth the friendly and cooperative relations between the two countries in different fields in conformity with the requirement of the prevailing situation.

Government, Cultural Delegates Return From Iran

SK2905001595 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 26 May 95

[FBIS Translated Text] The DPRK Government and cultural delegation led by Yang Tal-chu, vice chairman of the Committee for Cultural Relations With Foreign Countries, which visited Iran, returned home by train on 25 May.

Paper Denounces Japan's Military Ambitions

SK2705102295 Pyongyang KCNA in English 1005 GMT 27 May 95

["Wild Ambition for Reinvasion Threatening Peace" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — The Defense Agency of Japan is reorganizing its ground "self-defence force" and stepping up the rearrangement of combat power on a nationwide scale allegedly to increase "the capability to deal with 'diversified danger' after the Cold War," which comes out of a wild ambition for reinvasion, threatening peace, says NODONG SINMUN in a commentary today.

Japan's military expenditure holds the second place in the world and its military power will be doubled in 3-5 years, notes the paper.

Citing materials to prove that Japan has pushed ahead with its military expansion and nuclear armament, paved the way for overseas dispatch of its forces and often staged large-scale war games, the news analyst says:

By doing so, Japan is seeking to become a military power, a political power and to gratify its dominationist ambition by force of arms. Its present goal is to restore the old order of its colonial domination in Asia. It is trying to set the first foot of reinvasion of Asia in Korea.

To this end, the Japanese reactionaries are adding fuel to the aggravation of the situation on the Korean peninsula and seeking for military intervention in the Korean issue under this pretext.

They are looking for a chance to participate in another possible Korean war with the mobilization of huge combat forces.

Worse still, the military bosses of Japan and the South Korean puppets are expanding and strengthening "military exchange and cooperation" through their frequent mutual visits.

Japan's move for reinvasion poses a great threat to peace in Asia.

Japan must act with discretion, looking back upon the lesson of its bitter defeat in the past war and the present changed situation.

Japanese Maneuvers for Nuclear Armament Denounced

SK2905114595 Pyongyang Korean Central Broadcasting Network in Korean 0654 GMT 29 May 95

[Unattributed talk: "The Nuclear Frenzy of the Japanese Reactionaries Has Gone to an Extreme"]

[FBIS Translated Text] The Japanese reactionaries are now maneuvering more frenziedly than ever to realize the criminal scheme for nuclear armament.

Some time ago Japan brought by sea about 14 tonnes of nuclear waste from France despite strong protest and denunciation at home and abroad. Afraid of the world people's protest and denunciation, Japan did not disclose the sea route of the ship loaded with the nuclear waste, but enforced the marine transport of the nuclear waste secretly.

The Japanese reactionaries' transport of nuclear waste, which is perpetrated without regard to the security of the life of mankind and the environmental protection of the earth, shows well the degree of the Japanese nuclear frenzy.

This is not the first time that the Japanese maneuvers to transport nuclear material have been perpetrated. In 1969 Japan worked out a secret document stressing the need for continuous maintenance of economic and technological capability to produce nuclear weapons, and has frantically continued to secure the nuclear material necessary for nuclear armament.

On 14 occasions up to 1984 Japan brought nuclear material from overseas, and in early 1993 it brought about 1.7 tonnes of plutonium from France in one lot shipment.

In order to secure about 100 tonnes of plutonium by 2010, Japan is bent on maneuvers to produce and stockpile plutonium locally, besides bringing in plutonium from overseas.

Japan, which has been reprocessing nuclear fuel for quite some time, began to build in 1993 a large-scale nuclear fuel reprocessing plant with the capacity of extracting about five tonnes of plutonium annually. In 1994, Japan decided to put into operation a second plutonium extraction plant with greater capacity than this in 2010.

At the same time, Japan put into normal operation Monju, a high-speed breeder reactor capable of producing a great quantity of plutonium, in 1994.

According to the Japanese ASAHI SHIMBUN, Japan is frenziedly pushing ahead with the development of technology for reprocessing the nuclear fuel used in the high-speed breeder reactor. Japan is building a production facility of reproduction equipment in Tokaimura, Ibaragi Prefecture with 120 billion yen. If it begins operation in 2000, Japan will extract 250 kg of plutonium annually by reprocessing nuclear fuel used by such facilities as Monju.

The manager of a Japanese nuclear information center predicted that Japan will have more plutonium than the United States and Russia by the early 21st century.

While frenziedly accelerating the stockpile of plutonium, Japan is accelerating the development of nuclear weapons delivery vehicles as well. Japan launched a locally produced space rocket HE for the third time in March this year. With this Japan came to have the means of delivering and launching nuclear bombs and nuclear artillery shells, tactical nuclear missiles, and intercontinental ballistic missiles.

At present Japan has 500 155-mm and 203.2-mm howitzers capable of firing nuclear shells, and has fighter-bombers capable of carrying nuclear bombs.

In fact, Japan now has all the material and technological foundation necessary for the production of nuclear weapons. The Voice of America said that although Japan advocates nonnuclear status outwardly now, once it makes up its mind, it can develop as many of the most powerful nuclear weapons as it wishes promptly, in several weeks at most.

At the UN arena, Japan has opposed or abstained from voting in the adoption of the nuclear ban-related resolutions on two occasions. In 1994, Japan abstained from voting in the UN resolution demanding the ruling of the international judicial court on the use of nuclear weapons. Reporting this, the Japanese ASAHI SHIMBUN said that the Japanese authorities think that the former Kishi Cabinet's reply to the parliamentary interpellation that Japan can possess nuclear weapons for self-defense under the Constitution is valid.

The Japanese reactionaries' criminal maneuvers for nuclear armament should never be tolerated as they threaten peace and security in Asia and the world.

The peace-loving people in Asia and the world are watching the Japanese reactionaries' nuclear armament maneuvers with vigilance. The Japanese reactionaries should be aware that if they continue to engage in nuclear armament for reinvasion despite the protest and denunciation of the peace-loving people in Asia and the world, they will suffer a more tragic end than they did 50 years ago.

Improved Status Urged for Koreans in Japan

SK2905222195 Pyongyang KCNA in English
1502 GMT 29 May 95

[FBIS Transcribed Text] Tokyo, May 26 [date as received] (KNS-KCNA) — Kwon Sun-hwi, vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), and other Chongnyon representatives on May 23 sent a request to Japanese Prime Minister Tomiichi Murayama, urging him to take practical steps for the improvement of the legal status of Koreans in Japan.

The request demands that on the lapse of 50 years after the war the Japanese Government authorities take an effective step for the proper liquidation of past history and the normalisation of relations between the DPRK and Japan and a practical step for the improvement of the legal status of Koreans in Japan.

It also urges concrete measures for a probe into the truth behind the coercive drafting of Koreans in the past, a sincere compensation, a guarantee for Japan-resident Koreans' right to national education, a fundamental revision of the law on foreigners registration and a stop to hampering Chongnyon activities.

Reunification Group Meets Press in Tokyo

SK2905224595 Pyongyang KCNA in English
1517 GMT 29 May 95

[FBIS Transcribed Text] Tokyo, May 27 [date as received] (KNS-KCNA) — The overseas headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon) called a press conference at the overseas headquarters of the National Alliance for the Country's Reunification in Tokyo on May 26 in connection with the June 3 rally of students of the North, the South and overseas for national reunification and against the revival of Japanese militarism.

The press conference was attended by Co-chairmen Pak Ku-ho and Hwang Yong-chi and permanent members of the headquarters.

At the press conference, the June 3 students' rally due in Seoul and measures of overseas headquarters for its successful holding were explained and a statement of the headquarters was released under the title "Let Us Make a Success of June 3 Students' Rally To Accelerate National Reunification."

The statement said that the headquarters would express full support to the proposal of the one million students in the South and dispatch 12 members including co-chairmen to Seoul as a delegation of the overseas side to the June 3 students' rally.

"We will make the June 3 students' rally another struggle for reunification to be recorded in the history of the reunification movement of students and strive for the successful reunification movement including the August 15 joint national celebrations in the van of the struggle for great national unity," the statement stressed.

"If the South Korean authorities really understand the ardent desire of students, the future of the country, for reunification, they should not hinder the opening of the rally," the statement said, and stressed: "If they try to check the rally, they will face a fierce resistance of the 70 million fellow countrymen and be given a severe punishment as traitors to the nation."

Chongnyon Pledges To Support Kim Chong-il

SK2705053195 Pyongyang KCNA in English
0440 GMT 27 May 95

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — The great leader Comrade Kim Chong-il on May 24 sent a letter "On Developing the Movement of Koreans in Japan Onto a New Higher Stage" to the General Association of Korean Residents in Japan (Chongnyon) and Japan-resident Koreans on the occasion of the 40th anniversary of the formation of Chongnyon.

Choe Pyong-cho, vice-chairman of the Central Standing Committee of Chongnyon, said that the letter of the great General Kim Chong-il to Chongnyon and Korean Residents in Japan is an ever-victorious banner for strengthening and developing the movement of Koreans in Japan, a bright beacon indicating the road ahead of Chongnyon, an encyclopedic textbook and an invincible weapon.

"We feel from the bottom of our hearts his deep trust in and love for Chongnyon officials and Koreans in Japan and his farsighted wisdom, which are contained in each word and phrase of the letter. We have come to realise more keenly that our general is just like the fatherly leader President Kim Il-song and the future of Chongnyon is bright as it is led by respected General Kim Chong-il, Choe Pyong-cho said, and continued:

"We will work, always bearing deep in mind the teachings of the respected general that Chongnyon should hold the great leader Generalissimo Kim Il-song in high esteem forever and conduct all its activities as intended by President Kim Il-song. And we will work as indicated by the letter, taking it as a maxim of life and struggle and the only textbook.

"No matter what difficulty and trial may lie in our way, we will cherish deep in our hearts the firm faith that we are sure to win as we are led by the great General Kim Chong-il, glorify the undying exploits performed by the great leader President Kim Il-song for the strengthening and development of Chongnyon and the movement of Koreans in Japan and firmly build up Chongnyon into an overseas Koreans' organisation of chuche loyal to the respected general".

Kim Chong-il Sent Letters by Residents in Japan

SK2705052695 Pyongyang KCNA in English
0432 GMT 27 May 95

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — The great leader Marshal Kim Chong-il received letters of thanks from the standing council of the Federation of Korean Traders and Industrialists in Japan, the Central Standing Committee of the League of Korean Youth in Japan, the Korean News Service, the Korean University and other organizations under the General Association of Korean Residents in Japan (Chongnyon), bussiness bodies, prefectural headquarters of Chongnyon, Korean schools and compatriots in Japan, on the occasion of the 40th anniversary of the formation of Chongnyon.

The letters emphasized that General Kim Chong-il is leading Chongnyon to strengthen to be an overseas compatriots' organization of Generalissimo Kim Il-song and putting it up as a harbinger of national reunification and a pioneer of the movement of overseas compatriots.

The letters evinced the determination of compatriots to firmly rally the young compatriots including the 3rd and 4th generations into patriotic forces to steadily carry forward the patriotic cause of Chongnyon, exalt the immortal exploits of the leadership of the great leader President Kim Il-song for all ages and actively contribute to the prosperity and development of the homeland and the accomplishment of the cause of reunification in the 90s.

The letters wished Marshal Kim Chong-il a long life in good health.

Official of Chongnyon Central Committee Departs

SK2705220895 Pyongyang KCNA in English
1507 GMT 27 May 95

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — Choe Pyong-cho, vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), left here today by air after his visit to the socialist homeland.

He was seen off at the airport by Vice-premier Hong Song-nam and general director of the bureau of reception for overseas compatriots Kim Su-ik.

Kim Il-song Work on Chongnyon Published

SK2605213595 Pyongyang KCNA in English
1523 GMT 26 May 95

[FBIS Transcribed Text] Pyongyang, May 26 (KCNA) — "On Some Tasks of Chongnyon at Present", a work of the great leader President Kim Il-song, has been brought out recently in booklet by the Workers' Party of Korea Publishing House.

This is a talk of President Kim Il-song to a congratulatory group of Koreans in Japan celebrating the 45th anniversary of the founding of the Democratic People's Republic of Korea, a delegation of educationists of the General Association of Korean Residents in Japan (Chongnyon) and a delegation of branch officials of Chongnyon on September 10, 1993.

The president said in the work that it is of weighty importance that the members of Chongnyon delegations visited the socialist homeland to significantly celebrate the national day with the people at home and showed that compatriots under Chongnyon are united in one mind with the people at home. He outlined the proud achievements in socialist construction in the homeland.

The imperialists and reactionaries are now sticking to every conceivable scheming to isolate and obliterate Korea but their dream can never be realized, he said, noting with pride that the situation of the homeland is now very well and Korean socialism is making a long drive.

Noting that the singlehearted unity of Korea can never be broken by anyone, he stressed that under the banner of the chuche idea, the people at home true to the leadership of the party will actively struggle to achieve the independent and peaceful reunification of the country and accomplish the cause of socialism and make all efforts to build an independent new world with the world people who aspire after independence.

He said Chongnyon should wage a vigorous struggle to realize the ten-point programme of the great unity of the whole nation for national reunification, first of all.

He put forward the tasks of Chongnyon organisations and compatriots in Japan to wage a vigorous struggle to get the U.S. troops withdrawn from South Korea and achieve the reunification of the country in firm unity under the banner of the ten-point programme of the great unity of the whole nation.

He also set forth the tasks of Chongnyon to conduct educational work for the younger generation well.

It is indicated in the work that in order to successfully carry out its tasks, Chongnyon should build up its organisations firmly and to this end, it should strengthen unity of organisations.

What is the most important in the activities of Chongnyon is unity, President Kim Il-song said, adding that Chongnyon should unite all the compatriots around organisations and check the enemy's moves with the might of unity.

Russians, Chongnyon Visit Kim Il-song Statue

SK2905052095 Pyongyang KCNA in English 0427 GMT 29 May 95

[All names as received]

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — A government scientific and technological cooperation delegation of the Russian Federation led by Kiril Dyumayev, vice-minister of the Science and Technological Policy of Russia, Director of the Paleya Publishing House of Russia Nicolay Mishin, home-visiting groups of Korean students in Japan and the 236th short-term home-visiting group of Koreans in Japan laid floral baskets and bouquets before the statue of the great leader President Kim Il-song on Mansu Hill and made bows.

Arrival, Departure of Various Groups Reported

SK2805083495 Pyongyang KCNA in English 0816 GMT 28 May 95

[All names as received]

[FBIS Transcribed Text] Pyongyang, May 28 (KCNA) — A delegation of the Democratic Party of Equatorial Guinea headed by its political and administrative secretary Fernando Mabale Nom; a government scientific and technological cooperation delegation of the Russian Federation led by Kiril Dyumayev, vice-minister of the science and technological policy of the Russian Federation; and Nicolai Mishin, director of the Paleya publishing house of Russia; arrived here on Saturday.

That day, home-visiting groups of Korean students in Japan and the 236th short-term home-visiting group of Koreans in Japan arrived in Wonsan.

On the same day, the delegation of the People's Party of Cambodia headed by Say Chhum, member of the Standing Commission of the Central Committee and chairman of the organisation committee of the Party, left here for home.

Paper: Unity Based on Patriotism, Independence

SK2905103595 Pyongyang KCNA in English 1016 GMT 29 May 95

["Unity Based on Patriotism and Spirit of National Independence Called For" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — All the Koreans in the North, the South and overseas must bring a decisive turn in the struggle to achieve the great unity of the whole nation based on patriotism and the spirit of national independence and accelerate the reunification of the country, says NODONG SINMUN in a signed article today.

The entire nation should unite with a single heart to defend the independence of the nation with their lives and set themselves against flunkeyism and national nihilism that poison the consciousness of national identity, the article says, and continues:

Koreans in the North, the South and overseas should be banded together by a single heart to safeguard the independence of the nation with their lives, transcending the differences in idea, system, political viewpoint, religious belief, affiliation, grouping, class and social stratum and putting the interests of the nation above everything, and make a tangible contribution to the cause of national reunification as a member of the Korean nation.

All the Koreans in the North, the South and overseas should firmly arm themselves with the idea that the Korean nation is the best and the consciousness of national identity and resolutely fight against the slightest tendency of resolving the internal affairs of the nation in reliance upon outside forces.

In particular, they should further heighten their vigilance against the sycophantic policy of dependence on outside forces pursued by the Kim Yong-sam group for permanent division of the nation and courageously turn out in a nationwide struggle to frustrate it.

South Korea

U.S.-DPRK Nuclear Talks Held in Malaysia

DPRK Official Rejects ROK Reactors

SK2605115995 Seoul YONHAP in English 1155 GMT 26 May 95

[FBIS Transcribed Text] Kuala Lumpur, May 26 (YONHAP) — A North Korean official taking part in the current U.S.-North Korea semi-high-level meeting here said his country cannot accept South Korean-style light-water reactors because there is no reactor model of South Korea's own.

"We cannot recognize the alleged South Korean model because it is a product based on American technology and design," Chong Song-il, a guidance member of the North Korean Foreign Ministry, said.

Meeting with a group of South Korean correspondents at the North Korean Embassy, Chong said, "It is ridiculous for South Korea to claim the model is theirs while South Korea lacks any reactor expertise of its own or any records of exports of its model."

He charged Seoul with trying to attach its label to a model which he asserted the United States has produced with its technology and design and is about to provide to North Korea.

The immediate thing to do, he said, is for the United States to provide light-water reactors to the North under its own responsibility in accordance with the framework agreement.

He added the next conference schedule was being discussed through working-level contacts between the two sides.

A diplomatic source here said the Pyongyang official's press conference was apparently part of a North Korean scheme to broaden the base of "understanding" of their position through contacts with the Western press.

He noted that only on Thursday evening, Yi Kang-chol, a North Korean Foreign Ministry division chief, had a telephone interview with a South Korean correspondent here in Kuala Lumpur.

DPRK Seeks 'Supplementary Measures'

SK2605225295 Seoul KBS-1 Radio Network in Korean 2100 GMT 26 May 95

[By correspondent Yi Hyon-chu from Kuala Lumpur]

[FBIS Translated Text] The United States and North Korea, who are holding talks in Kuala Lumpur on the supply of light-water reactors to the DPRK, have virtually ended discussions on the unsolved problems and have begun secret negotiations.

A diplomatic source in Kuala Lumpur stated: During an unprecedented luncheon meeting between the chief delegates of the sides on 24 May, the United States and North Korea reconfirmed what they had proposed on the light-water reactor issue, made a report to their respective governments, and are now awaiting instructions. North Korea put forward a new proposal asking for supplementary measures to cope with the internal resistance that may be caused by the acceptance of ROK-type light-water reactors, and asked for an early supply of heavy oil. The United States promised it will positively study the North Korean proposal and made a counterproposal.

Accordingly, it seems that the United States and North Korea will begin to hold full-fledged secret negotiations at the plenary meeting slated for this morning, based on the instructions from their respective governments.

DPRK Makes 'Final Proposal'

SK2705032095 Seoul HANGUK ILBO in Korean 27 May 95 p 2

[By reporter Ko Tae-song from Kuala Lumpur]

[FBIS Translated Text] It was learned on 26 May that, during the North Korea-U.S. semi-high-level talks being held in Kuala Lumpur, North Korea put forward its "final proposal" emphasizing that it does not want the title of ROK-type reactor to be used in the light-water reactors to be supplied to North Korea, does not want an ROK enterprise to be selected as the main contractor, and demanded that the United States make a political concession.

North Korea also abruptly postponed the chief delegates' meeting supposed to be held on 26 May under the ruse that it must wait for instructions from its government, strongly indicating that the talks have reached a critical stage. It was learned that the talks will be resumed on 27 May. After the 27 May meeting, North Korea and the United States will decide whether or not to continue the talks early next week after consulting with their respective governments. Accordingly, this weekend will mark the turning point for the success or failure of the talks.

'Real' Position of U.S. Viewed

SK2705073195 Seoul HANGUK ILBO in Korean 27 May 95 p 5

[By correspondent Chong Chin-sok from Washington]

[FBIS Translated Text] Following successive reports on "the U.S. Government's linkage of the supply of heavy oil to North Korea with the light-water reactor issue," various speculations have surfaced regarding the real position and intention of the United States.

To start off, some foreign media sources recently cited remarks made by U.S. Secretary of State Christopher and Gallucci, U.S. ambassador for the North Korean nuclear issue, in reporting that "the U.S. Government's supply of heavy oil to North Korea is linked to the solution of the light-water reactor problem." The U.S. State Department officially denied this, however, by saying "this is not true."

During a regular briefing on 25 May, U.S. State Department spokesman Burns stated: "The U.S. Government is not linking the supply of heavy oil to North Korea to the light-water reactor issue. The supply of heavy oil will be resumed as soon as a device is set up to prevent diversion of the heavy oil supply for other purposes." According to his explanation, North Korea recently conveyed that prior to resolving the light-water reactor issue, preparing measures to prevent the diversion of the supplied heavy oil would be difficult, and that in the course of explaining North Korea's delicate position, the United States was misunderstood to have changed its own position.

As a matter of fact, the U.S. Government's excuses are not new. They are a repeat of its unchanged, original promise to provide North Korea with heavy oil as substitute energy until the completion of the construction of light-water reactors in North Korea, in return for North Korea stopping operation of its 5-megawatt reactor and for building the 200-megawatt graphite-moderated reactor. Accordingly, the United States must continue to provide North Korea with heavy oil as long as North Korea retains a freeze over its nuclear program. This being the case, the United States expains, linkage of the heavy oil supply with the light-water reactor issue does not stand to reason.

There is a reason behind the heavy oil supply issue's abrupt emergence in the course of negotiations on the light-water reactor issue. The United States sent the first installment of heavy oil to North Korea late last year. The United States, however, uncovered evidence that North Korea had diverted 20 percent of the heavy oil supply for other purposes and called this into question. The United States insists that North Korea has diverted the supplied heavy oil for other purposes, such as the operation of steel mills, and that it cannot help but stop supplying heavy oil unless North Korea prepares measures to prevent further diversion of heavy oil at this moment. The Clinton administration inevitably suspended negotiations on the heavy oil supply as negotiations on the light-water reactor fell into a deadlock while the U.S. Congress strongly called the diversion of heavy oil to account.

In light of these facts, we cannot ignore the possibility that unless North Korea prepares measures to prevent the diversion of heavy oil, the United States will soon face a reality that necessitates it linking the heavy oil supply to the light-water reactor issue, regardless of the contextual logic of the Geneva agreement. This is similar to the situation in which the establishment of liaison offices and the supply of light-water reactors are eventually linked with each other even though the United States denies linking the two.

Since North Korea agrees to U.S. proposals to prevent the diversion of heavy oil, such as through the installation of a verifying device and the dispatch of a permanent supervisory team in North Korea, the U.S. Government will eventually have to ship an additional amount of heavy oil to North Korea, which will not endear it to Congress because its greatest concern is about North Korea "keeping its nuclear program frozen."

U.S. Makes Queries on Heavy Oil Use

SK2705050595 Seoul KBS-1 Radio Network in Korean 0433 GMT 27 May 95

[FBIS Translated Text] All members of the U.S. and DPRK delegations met at the North Korean Embassy in Kuala Lumpur on the morning of 27 May. They continued negotiations to settle the question of light-water reactors. In that meeting the United States reportedly asked North Korea to provide at an early date a mechanism to verify whether or not North Korea diverts heavy oil for military purposes, while saying that the United States would not link the supply of heavy oil to North Korea with the question of the light-water reactors.

DPRK Said Softening on Reactor Issue

SK2705090495 Seoul KBS-1 Radio Network in Korean 0800 GMT 27 May 95

[Report by Yi Hyon-chu from Kuala Lumpur]

[FBIS Translated Text] On 27 May, North Korea made a new proposal that represented a retreat from its present attitude regarding the acceptance of ROK-model light-water reactors.

A diplomatic source in Kuala Lumpur stated today: During today's Kuala Lumpur talks, North Korea made a new proposal to the U.S. side concerning the acceptance of ROK-model light-water reactors and the central role of the ROK. Even though it is not satisfactory, it implies a degree of concession. The source stated that even if he cannot disclose the contents of the proposal made by North Korea, it is true that during today's talks North Korea showed its strong desire for light-water reactors.

Another source concluded that North Korea made the proposal based on instructions from Pyongyang authorities in response to the proposal made by the U.S. side during the 23 May U.S.-North Korean talks, and that it would not be a final proposal. The source predicted that next week will be a critical point in determining the success or failure of the talks when a final proposal is made.

DPRK Suggests Joint ROK-U.S. Design

*SK2705115595 Seoul YONHAP in English
1147 GMT 27 May 95*

[FBIS Transcribed Text] Kuala Lumpur, May 27 (YONHAP) — North Korea proposed that South Korea and the United States jointly design the light-water reactors to be provided under the framed agreement in Geneva last October, with a U.S. firm doing the key designs, at a senior officials meeting with the United States held in the North Korean Embassy here Saturday afternoon.

This was considered as the North's one step backward from its position of insisting on a U.S. model of the reactors.

A source close to the meeting said the North Korean delegation, led by Vice Foreign Minister Kim Kye-kwan, demanded that the joint South Korea-U.S. designed reactor be called a U.S. model, not a South Korean model.

The North Koreans have at last come to acknowledge not only South Korea's standard model of light-water reactors but also its high technical level, but because of political reasons they want it to be called a U.S. model, he observed.

The North Korean delegates did not say a joint or mixed South Korea-U.S. model in explaining their new offer but started acknowledging co-participation of South Korean and U.S. firms in manufacturing the reactor, especially in the design process, he added.

They admit the existence of South Korea's standard model of Ulchin reactors Nos. 3 and 4, but they demand that a U.S. firm modify the design of this South Korean model for the sake of safety on the surface but to save their political face below the surface, he remarked.

Facing this new North Korean offer, the U.S. delegation, headed by Deputy Assistant Minister of State Thomas Hubbard, while trying to confirm North Korea has really accepted South Korea's central role in the reactor construction project, told the North Koreans that South Korea would design the reactor, making reference to Ulchin reactors Nos. 3 and 4, and then may ask an American firm to check the design and modify it, if need be, the source said.

The U.S. negotiators stressed that the circumstances allow none but a South Korean company to become the prime contractor of the reactor project and play the central role in reactor designing.

Meanwhile, South Korean officials sent to the Malaysian capital to monitor the U.S.-North Korean nuclear talks told the U.S. delegation that under the present circumstances, they cannot give up the name of the South Korean standard model.

Picking a reactor name that will satisfy not only South Korea but also North Korea and the United States is as important to settlement of the reactor issue as North Korea's acceptance of South Korea's central role in the reactor construction project.

The two delegations will sit in the sixth round of the talks at the U.S. Embassy Sunday morning, contrary to expectations that they will take a rest on Sunday.

Chief Delegates Meet 28 May

*SK2705230795 Seoul KBS-1 Radio Network
in Korean 2100 GMT 27 May 95*

[By correspondent Yi Hyon-chu from Kuala Lumpur]

[FBIS Translated Text] The United States and North Korea will hold full-fledged discussions today [28 May] on the new proposal put forth yesterday by North Korea to the United States concerning the light-water reactor issue.

Thomas Hubbard, chief delegate of the U.S. side and U.S. deputy assistant secretary of state, and Kim Kye-kwan, chief delegate of the North Korean side, will first meet individually this morning. In this meeting, the United States will concentrate on ascertaining North Korea's real intention regarding the new proposal.

Saying that the U.S.-North Korea talks have just begun to develop, a diplomatic source in Kuala Lumpur hoped that the sides will find a way to break the deadlock during today's chief delegates meeting.

No Agreement Reached

*SK2805075395 Seoul YONHAP in English
0749 GMT 28 May 95*

[FBIS Transcribed Text] Kuala Lumpur, May 28 (YONHAP) — North Korea and the United States failed to reach an agreement at the nuclear talks between chief delegates which was held at the U.S. Embassy here Sunday.

Thomas Hubbard, chief U.S. negotiator, met with his North Korean counterpart Kim Kye-kwan at the embassy, accompanied only by their interpreters, to discuss pending issues including the supply of South Korean-style light water reactors to North Korea.

During the two-hour-long talks, they failed to narrow their differences but agreed to continue their negotiation.

According to informed sources here, the U.S. side tried to confirm the faithfulness of the North Korean proposal that Seoul and Washington could jointly design the lightwater reactors, but the North Korean side only emphasized that Washington is responsible for the lightwater project.

After the talks, Kim Kye-kwan, North Korea's chief delegate, told reporters that there was no clear progress yet.

"We studied collectively what has been discussed so far, and talked about which agreement we can reach. I cannot say whether we are doing well or not," Kim said.

Sources said that North Korea did not change its position that it does not accept South Korean-style lightwater reactor model.

N-S Dialogue To Follow Settlement

SK2905025095 Seoul TONG-A ILBO in Korean 29 May 95 p 2

[By reporter Pak Che-kyun from Kuala Lumpur]

[FBIS Translated Text] During the exclusive contact between chief delegates of the DPRK-U.S. semi-high-level talks held on 28 May, North Korea revealed that it will be able to accept the resumption of South-North dialogue, if the light-water reactor model issue is settled.

Since Kim Il-song's death in July, North Korea had strongly rejected South-North dialogue on the grounds that the South Korean people are forbidden from making condolence calls and that the National Security Law should be abolished.

North Korea revealed this during the chief delegates talks between Kim Kye-kwan and Thomas Hubbard at the U.S. Embassy in Kuala Lumpur. The North Korean side said that if the ROK-model — with the ROK as the main designer of the light-water reactor model — is excluded, then it can "positively examine" all other conditions.

The North Korean side's delegate Kim Kye-kwan revealed that it does not matter where the light-water reactor is manufactured and where the power plant is built, but it must not be designed in South Korea, and for South Korea to take part as the main designer is "an unacceptable matter related to the self-respect of the Republic."

On this day, the U.S. side revealed that if North Korea accepts the ROK-model light-water reactor and the negotiations are settled this month, it can open DPRK-U.S. liaison offices; supply 100,000 tonnes of heavy oil; and carry out the second-stage measures for the improvement of DPRK-U.S. relations, including direct investment in North Korea, by August.

After the talks, North Korea's chief delegate Kim Kye-kwan said: "At the chief delegates contact, the issues discussed up to this point were summarized and examined. The purpose of these talks was to politically resolve the issue."

Dailies View Talks 29 May

SK2905083995

[FBIS Editorial Report] The following is a compilation of articles carried in 29 May Seoul vernacular dailies reviewing the ongoing semi-high-level negotiations between the United States and North Korea in Kuala Lumpur, Malaysia.

The conservative CHOSON ILBO carries on page 3 an 800-word article by Kim Sung-yong, based in Kuala Lumpur. Kim discusses the remarks made by a North Korean Foreign Ministry spokesman in an interview with North Korea's Central News Agency, KCNA, on 27 May in which the spokesman said: "We attach importance to which country's design and technology the manufacture of light-water reactors will use, not where such reactors are manufactured."

The article then interprets North Korea's position based on the remarks by a North Korean spokesman that "we are not interested in where such reactors are manufactured" as meaning that North Korea will allow active ROK participation in the manufacturing of the light-water reactors. This notwithstanding, the remarks on the design and technology for manufacturing the light-water reactors shows that North Korea still hopes for U.S.-style, not ROK-style, reactors. At the talks in Kuala Lumpur, North Korea is hinting that it will allow both the ROK and the United States to jointly participate in drawing designs for the light-water reactors, leading to the conclusion that North Korea is hinting that it will tolerate to some extent a central ROK role in the manufacture, construction, and design of the reactors.

The article stresses the need to further study the real intention hidden behind North Korea's attitude because it is possible that North Korea will try to prevent the ROK from participating in the actual construction of light-water reactors.

The moderate KYONGHYANG SINMUN carries on page 2 a 700-word article by Yi Pyong-kwang based in Kuala Lumpur that focuses on the negative aspect of the remarks made by a North Korean Foreign Ministry spokesman, who hinted that North Korea still rejects ROK designs by saying that North Korea attaches importance to which country's technology and design the light-water reactors will be based on. The article quotes one government official concerned as saying: "During the six rounds of the negotiations that had been held in Kuala Lumpur up until 28 May, chief North Korean delegate Kim Kye-kwan did not repeat the remarks made by the spokesman. Accordingly, we cannot fully know North Korea's real intention. At this moment, however, we interpret such remarks as a tactic by North Korea aimed at confusing the negotiations. This notwithstanding, in the process of the negotiations, North Korea has shown a different attitude from the past by not talking about the conclusion of a peace agreement. Therefore, the latest remarks made by a North Korean Foreign Ministry spokesman may be an early sign of a change in North Korea's attitude. North Korea's intention will be revealed in the process of the negotiations early next week."

The left-leaning HANGYORE SINMUN carries on page 4 a 700-word article by Kim Song-ho based in Kuala Lumpur reporting that "the success or failure of the negotiations depends upon whether the two sides can reach a mutually satisfactory compromise," while predicting that the United States and North Korea will make their own respective decisions after holding several rounds of talks again next week.

'No Progress' on Joint Reactor Design

SK2905091195 Seoul YONHAP in English 0904 GMT 29 May 95

[FBIS Transcribed Text] Kuala Lumpur, May 29 (YONHAP) — The seventh round of nuclear talks between the United States and North Korea Monday focused on the proposal made by North Korea Saturday that South Korea and the United States join forces in designing light water reactors to be provided to the North under the nuclear accord reached last October, according to sources close to the nuclear talks Monday.

During the talks held at the American Embassy in Kuala Lumpur for about two and a half hours in the afternoon, the United States conveyed to the North its willingness to guarantee that the light-water reactor project will not be suspended by political reasons on the part of South Korea if North Korea accepts South Korean-made reactors, the sources said.

The North meanwhile urged the United States to make a political decision to abandon its insistence on providing Korean reactors to the North, they said.

Although the North said that it can allow South Korea to take part in the designing of the reactors, it failed to elaborate on how South Korea could participate in the designing, they said.

Thomas Hubbard, deputy assistant secretary of state for East Asian and the Pacific affairs, told reporters just after the end of the nuclear talks that the talks made no particular progress although the two sides discussed the reactor issue in depth.

A North Korean delegate also said that they made no progress during the talks but hoped that another round of talks will be held Tuesday.

He said that the date and venue for the talks will be decided through working-level officials' contacts.

30 May Talks End in 'Only 40 Minutes'

SK3005054595 Seoul KBS-1 Radio Network in Korean 0510 GMT 30 May 95

[FBIS Translated Text] The U.S.-North Korean talks in Kuala Lumpur to settle the light-water reactor issue are facing difficulties.

Recommencing the talks with a meeting of senior delegates this afternoon, the United States and North Korea ended the meeting in only 40 minutes. Thomas Hubbard, U.S. deputy secretary of state, hastily left the North Korean Embassy, the venue for the talks, after issuing a brief statement saying: We met today to sound out the other side's real intent. We have no more words to say.

With a grim expression, the North Korean side quickly closed the door of the North Korean Embassy, saying: We will no longer meet with them today.

DPRK Seen Abandoning Reactor Issue in Future

SK2805044295 Seoul CHUNGANG ILBO in Korean 27 May 95 p 5

[By senior reporter Kim Yong-hui, from the "Global Focus" column: "Let Us Prepare for Possible Abandonment of Construction of a Light-Water Reactor"]

[FBIS Translated Excerpt] The suggestion made by a short newspaper article that was quickly denied still lingers in my mind. The article reported that North Korea had sounded out the United States on the possibility of building conventional power plants, such as thermal and hydroelectric power plants, in North Korea instead of building nuclear power plants, which have caused endless arguments. THE WALL STREET JOURNAL carried this article on 18 May, but dealt with it as an incorrect report, won over by the State Department's immediate denial of having received such a proposal from North Korea.

Was the article really a groundless report based merely on speculation? In light of North Korea's insincere attitude and tactics to stall for time shown in the negotiations on the light-water reactor issue, as well as the shortage of electric power North Korea is now suffering, no matter what source the article was based on, the article was possibly a true report on North Korea's real intentions expressed carefully and tentatively.

According to National Unification Board and Korea Electric Power Corporation estimates, North Korea's demand for electric power is 13 million kw, while the maximum amount of its actual production is 9.6 million kw, and the minimum is a little more than 7 million kw. That is, the supply of electric power can satisfy only 60 to 80 percent of the demand. It has been reported that the old power-transmission and distribution wires in North Korea are causing a serious loss of precious power. [passage omitted]

North Korea's electric frequency is 60 hertz, same as the ROK's. However, the frequency usually comes down to 55 hertz and sometimes even down to 50 hertz. Under this situation, it is probably unable to properly operate even a simple home appliance, much less updated machines. When giving thought to North Korea's serious electricity problems in connection with the reactor issue, we can understand the background of North Korea's desire for conventional power plants rather than light-water reactors. [passage omitted]

North Korea might have a compulsive desire to abandon the construction of light-water reactors, whose conditions are objectionable due to the demand for its acceptance of ROK-type ones, and which cannot produce electric power within 10 years. Even if North Korea gives up the light-water reactor construction now, Pyongyang would not lose its diplomatic achievements of paving the way for direct dialogue with the United States and of greatly improving North Korea-U.S. relations.

There is no reason for the ROK to stick to the construction of a light-water reactor, either. It is a monumental nonsense of our diplomacy that we willingly accepted, without bargaining, North Korea's demand for building a 2,000-megawatt reactor in return for its abandonment of a 250-megawatt reactor, which has only one-eighth the capacity of the former. Moreover, what was originally proposed by the Korea Electric Power Corporation and nuclear experts was that 75 percent of the electricity generated by the 2,000-megawatt reactor be transmitted to South Korea, and that North Korea be provided with 25 percent, the same amount as generated by the 250-megawatt reactor that North Korea would abandon. With the expectation that the nonsense resulting from ROK diplomacy will end without a tangible loss, I hope North Korea does not resist the impulse to give up the light-water reactors.

U.S. Says Firm Supports ROK-Style Reactors

SK3005080195 Seoul YONHAP in English
0711 GMT 30 May 95

[FBIS Transcribed Text] Seoul, May 30 (YONHAP) — The U.S. Embassy here issued a statement Tuesday refuting "inaccurate" media reports that claimed that Asea Brown Bovert-Combustion Engineering (ABB-CE) has contacted North Korea concerning the Korean Peninsula Energy Development (KEDO) project.

The USIS stated that the embassy is not aware of any contact between the American engineering company and North Korea.

"ABB-CE has always supported and will continue to support the Korean standard reactor," the statement assured.

Ministry, USFK Deny Report on U.S. Warning

SK3005102695 Seoul YONHAP in English
1022 GMT 30 May 95

[FBIS Transcribed Text] Seoul, May 30 (YONHAP) — The Defense Ministry and the U.S. Forces Korea [USFK] on Tuesday denied as "not factual" the recent WASHINGTON TIMES article that USFK commander Gen. Gary Luck had "warned" South Korean Government leaders not to take political advantage of the recent intrusions by North Korean troops into the southern sector of the Demilitarized Zone [DMZ].

A Defense Ministry statement charged the WASHINGTON TIMES with deliberately falsifying facts in claiming in the article that South Korea has been taking political advantage of the intrusion by North Korean troops across the Military Demarcation Line.

The statement said the stark reality is that since last April North Korean troops unlawfully crossed the Military Demarcation Line to foment tension in the DMZ area.

"South Korea and the United States closely consult on the matter while carefully watching the North Koreans' reckless acts," it added.

The U.S. Forces Korea, too, said in a statement that "the trust and confidence shared between and among South Korean Government and military leaders and Gen. Luck is such that such an event could never have occurred."

It said Gen. Luck and the Korean leadership share a concern that the North Korean Government would use incidents on the DMZ to its political and diplomatic advantage.

The USFK statement also said intelligence reports indicate that the North Korean forces are in a seasonally normal state of readiness.

Taken as a whole, the current military situation on the peninsula is stable and no significant buildup is occurring, the USFK statement said.

Foreign Minister on SOFA, Reactor Issue

SK2805144795 Seoul TONG-A ILBO in Korean 28 May 95 p 11

[Interview with Foreign Minister Kong No-myong by Kim Chae- hong, deputy chief of the Second Political Department of TONG-A ILBO — date, place of interview not given; first three paragraphs are TONG-A ILBO introduction]

[FBIS Translated Text] The ROK Foreign Ministry is busy at home and abroad these days. It is the United States that is sitting face-to-face with North Korea in Kuala Lumpur and discussing light- water reactors. However, the North Korean-U.S. talks are a testing ground for our diplomacy toward the United States because the results of the talks will affect our state policy. When U.S. soldiers committed numerous acts of violence against ROK citizens, people strongly requested that the Status of Forces Agreement [SOFA] be revised. In addition, the United States has proposed contact between its generals and those of North Korea. All of these are embarrassing diplomatically.

One happy event is that Sri Lanka, which had competed with the ROK to become a nonpermanent member of the UN Security Council, has declared at a UN Asian group meeting that it will abandon its bid. Thanks to Sri Lanka's decision, the ROK will become the sole candidate and most likely will be on the UN Security Council.

Under the backdrop of such events, TONG-A ILBO met with ROK Foreign Minister Kong No-myong.

[Kim Chae-hong] A majority of ROK citizens support the presence of U.S. Forces in the ROK. However, because of a recent wave of violent crimes by U.S. soldiers, people believe their status must be reexamined. People even say the ROK-U.S. SOFA, among the agreements on the status of U.S. Forces stationed in foreign countries, makes U.S. troops the most comfortable in the host country. To what extent do you think this agreement should be revised?

[Kong No-myong] Many problems were corrected when the SOFA was revised in February 1991. Nevertheless, people have persistently requested that provisions concerning criminal jurisdiction, including Article 22, be revised. It has been pointed out that a mere 2 percent of U.S. soldiers who commit crimes stand trial in the ROK, while 20 to 30 percent stand trial in Japan and Germany. This is not true. U.S. soldiers stationed in Japan who commit even traffic violations must stand trial. In the ROK, due to the special law on traffic violations [under which no one who commits traffic violations stands trial unless he commits such felonious crimes as killing a victim or ignoring red lights], numerous U.S. soldiers who committed traffic violations did not stand trial, and their cases remain unresolved. Therefore, 20 to 30 percent of U.S. soldiers who commit serious crimes stand trial in the ROK.

Japan can detain U.S. soldiers who commit crimes. We, however, must return the U.S. soldiers who commit crimes to the U.S. military authorities and recall them for questioning. This must be revised. Then, before that, our investigation practices and police cells and prisons must be improved to international standards. We must seek to revise the agreement while improving our judicial system to lessen the aversion of U.S. soldiers.

[Kim] We should request the revision of the SOFA at the present time when numerous crimes are being committed by U.S. soldiers, should we not?

[Kong] The SOFA can be revised only when the United States agrees. The government's position is that the SOFA should be revised to the level of similar agreements for U.S. forces in Germany and Japan.

[Kim] The ROK Armed Forces received peacetime operational control in December 1994. Therefore, the status of the U.S. Forces changed. The SOFA must be revised to comply with the changed status of the U.S. Forces in the ROK. The ROK's independence in diplomacy toward the United States lags behind the ROK's independence in military affairs, does it not?

[Kong] Operational control is different from the SOFA. Even if we have total operational control, there must be an agreement on the status of the U.S. Forces. The SOFA stipulates a certain degree of privileges and exemptions to ensure that our allies' forces can smoothly carry out their duties. Therefore, based on this spirit, the SOFA must be implemented in compliance with the changing ROK- U.S. cooperative relations in security.

[Kim] The United States seemed to accept the North Korean proposal for a contact between North Korean and U.S. generals. Would you comment?

[Kong] A contact between U.S. and North Korean generals has been pursued at the North Korean request. We believe this is part of North Korea's strategy to split the ROK-U.S. alliance. However, the ROK and the United States maintain the firm position that no North

Korean-U.S. military contact can be held to the exclusion of the ROK and that any contact between military authorities must be held within the framework of the Military Armistice Commission [MAC]. When the U.S. helicopter crashed in North Korea in December 1994, some people alleged that North Korea and the United States reached an understanding on direct military contact. At that time, Presidents Kim Yong-sam and Clinton made it clear over the telephone that no North Korean-U.S. military dialogue can be held outside the MAC.

[Kim] The Geneva nuclear negotiations and the Kuala Lumpur light-water reactors talks are direct North Korean-U.S. negotiations. In connection with this, some people say they are like the secret diplomatic negotiations held in 1968 between the United States and North Vietnam to the exclusion of South Vietnam. They say, therefore, that we should take precautions. Would you comment?

[Kong] The assumption that the United States is dealing with the Korean peninsula problem in secret contacts with North Korea, and excluding us, is unrealistic in view of the ROK-U.S. security alliance. The ROK and the United States believe that the improvement of North Korean-U.S. relations cannot be discussed nor can peace be built to the exclusion of the ROK. I think such a comparison does not make sense because Vietnam's situation at that time is completely different from the situation in North and South Korea. It is clear which side, North Korea or South Korea, the United States will choose.

[Kim] As a result of the establishment of diplomatic relations with China and the former Soviet Union, we have considerably expanded our diplomatic activities since the nineties. The more we expand our diplomatic activities, the more it is important to make decisions on a diplomatic basis. To what extent can we approach and get close to China? Do you think we can pursue a diplomatic policy that deals equally with North Korea and China?

[Kong] ROK diplomatic activity in the era of the post-Cold War has expanded throughout the world, such as establishing diplomatic relations with 179 countries; opening overseas missions in 141 countries; and allowing 96 foreign countries to open permanent overseas missions in the ROK. Based on this, the ROK joined the United Nations in 1991. As a result, it has established a new diplomatic axis, so-called multilateral diplomacy, based on the past's bilateral diplomacy. Also, by establishing diplomatic relations with China and Russia, the ROK has rearranged the framework of relations among the four powers regarding the Korean peninsula. We cannot deny that North Korea is an important variable in relations with China. Even if China is concerned about North Korea — its allied country — it is also very interested in enhancing practical and cooperative relations with the ROK, including economic cooperation.

[Kim] People say the U.S. trade war will be aimed at the ROK, after Japan. What do you think of our trade diplomacy?

[Kong] In recent days, economic and trade diplomacy work has increased. Because of the strengthening of the multilateral system in international economic areas, including the World Trade Organization, the Asia-Pacific Economic Cooperation organization, and OECD, diplomacy in trade issues has largely expanded from originally dealing with commercial issues to dealing with agricultural and marine products, the service industry, the environment, natural resources, and investment. Also, economic relations — so-called bilateral economic relations — between the ROK and the United States and between the ROK and Japan, China, and the EC have improved rapidly. To effectively deal with trends, we should strengthen and activate the organizations of the Ministry of Foreign Affairs that play a central role in trade negotiations with foreign countries. Some people say the time has come to consider seeking a way to establish a post of state minister, who would handle trade issues, in the Ministry of Foreign Affairs, similar to Canada, Australia, and northern European countries.

[Kim] What are the prospects for the U S.-North Korean semi-high-level talks being held in Kuala Lumpur?

[Kong] Because North Korea has still refused to accept ROK-model light-water reactors and the central role of the ROK, it is difficult to be optimistic over the settlement of the light-water reactor issue during the talks. Nevertheless, we will make endless efforts to resolve the light-water reactor issue through dialogue with North Korea. However, it is a precondition that North Korea should maintain a freeze on its nuclear program.

[Kim] There are rumors that the U.S. company Combustion Engineering has lobbied North Korea to accept its light-water reactors.

[Kong] The company will supply $150 million worth of spare parts upon the request of the Korea Power Corporation, which will be the leading company in the work to provide light-water reactors to North Korea. After designing the light-water reactors, it will be in charge of design verification, which costs several tens of thousands of dollars. Also, it is consulting with Korea Power Corporation to export the light-water reactors to a third country, including China. I do not believe, however, that the company is directly lobbying North Korea.

Government Wants 'Unfair' SOFA Clauses Revised

SK2705062695 Seoul CHOSON ILBO in Korean 27 May 95 p 2

[By reporter Hong Sok-chun]

[FBIS Translated Text] The government has decided to conduct customs and quarantine inspections of goods imported for the use of U.S. Forces in Korea [USFK] servicemen. These measures are not being implemented at the moment. The government has also decided to revise the unfair clauses in the Status of Forces Agreement (SOFA) that restrict our government's jurisdiction over the crimes committed by USFK servicemen.

In view of the recent series of crimes committed by USFK servicemen, ROK citizens have complained of the unfair nature of the SOFA. In this respect, on 26 May, the government held a ministerial meeting chaired by Prime Minister Yi Hong-ku, during which the government decided to convey its intentions to the U.S. Government.

The government decided to rectify the unjust situation considering that the United States only rejects the inspection of imported goods for USFK servicemen, while it accepts the inspection of imported goods for the U.S. Forces in Japan and for its service troops stationed in the NATO area. The government also decided to work out relevant countermeasures to cope with this circumstance.

A first amendment was made to SOFA regulations in 1991. At that time, the ROK was given primary jurisdiction over the crimes committed by USFK servicemen when they are off duty. The government decided to fully enforce this measure. By the way, so far this amendment has remained on paper only because the USFK has issued certificates without confirming that pertinent USFK servicemen are on duty.

Some difficulties are expected to arise in attaining revision of the relevant SOFA regulations because it is unclear at the moment whether the United States will accept our government's request.

U.S. Soldiers' Children Allegedly Beat Citizens

SK2705070595 Seoul MUNHWA ILBO in Korean 27 May 95 p 23

[By reporter Han Kang-u from Taegu]

[FBIS Translated Text] A series of cases involving U.S. servicemen beating ROK citizens have been taking place in recent days. This time, teenagers of U.S. servicemen caused another incident by beating ROK citizens.

Three teenage boys of U.S. servicemen, including Mitchell Clinger [name as transliterated], 16, a high school student, beat two ROK pedestrians, including Mr. Kim Song-kun, 27, a resident of Soho-tong, Tong-ku, on a street in front of the Sinhan Bank branch in Pongsan-tong, Chung-ku, Taegu, at around 0020 on 27 May, inflicting on Kim an injury which would need two weeks of hospitalization. Clinger's father is a U.S. serviceman with the 20th Support Group of the U.S. Forces in Korea stationed in Waegwan-up, Chilgok County, North Kyongsang Province.

According to the police, the drunk adolescents of U.S. servicemen started quarreling with about 20 pedestrians in front of the Tongin Hotel in Samdok-tong, Chung-ku, Taegu. It was learned that they abruptly jumped at Mr. Kim and others, who were trying to stop the quarrel, hit Mr. Kim and the others on the head with a bottle of whiskey, and indiscriminately struck them on their faces.

U.S. Soldier Charged With Stealing Boat

SK2905030995 Seoul TONG-A ILBO in Korean 29 May 95 p 30

[FBIS Translated Text] On 28 May, the Chunchon Police Station made public that it had arrested and had been investigating Sergeant (Troy Manella), 24, of the Aviation Unit of Camp Page, on charges of having stolen a fishing vessel on Lake Soyang.

According to the police, at around 1740 that day, Sergeant (Manella) stole a 0.5-tonne fishing boat belonging to Mr. Chi Hung-yong, 48, a fisherman — which had been moored at the Yanggu Wharf in Sokhyon-ri, Yanggu-up, Kangwon Province. He then steered the boat up to the Soyang Dam in Sinbuk-myon, Chungchon County, where he was arrested by police who had been seeking him.

Students Throw Fire Bombs at American Center

SK2905052895 Seoul KBS-1 Radio Network in Korean 0511 GMT 29 May 95

[FBIS Translated Text] At 0640 on 29 May, about 30 Kyungpook National University students, who are members of the General Federation of the Taegu-North Kyongsang Provincial Students Councils, threw about 10 firebombs and bottles of paint at the American Center in Samdok-tong, Taegu; and ran in the direction of the Kyungpook National University.

The students staged the demonstration, while calling for a formal explanation from the U.S. authorities on the recent series of violent acts committed by U.S. servicemen against ROK citizens and for a revision of the Status of Forces Agreement.

Women's Groups Urge Punishment of U.S. Soldiers

SK2805035995 Seoul THE KOREA HERALD in English 28 May 95 p 3

[FBIS Transcribed Text] Amid worsening public sentiment against recent crimes by some U.S. service members, South Korean women's organizations sent a letter to Gen. Gary E. Luck, the top U.S. military officer here Friday, calling for punishment against American soldiers who allegedly were involved in violence and sexual assault against Korean civilians.

If the U.S. military authorities had acknowledged the service members' misdemeanors or crimes and punished them, the cases might not have grown to cause such a controversy, said the Korea Women's Associations United and other women's groups in the letter.

But the U.S. Forces Korea (USFK) and the service members involved refused to acknowledge the crimes, asserting that the American soldiers "could more properly be described as victims" and that there was "absolutely no evidence of any sexual harassment" of a Korean woman, they charged.

"That is as good as making a fool of the Korean people," they said.

The women's groups also called on the USFK to comply with the South Korean government's effort to revise the Status of Forces Agreement (SOFA), which they described as an unequal treaty, so that Korean authorities can exercise appropriate jurisdiction over crimes committed by U.S. service members.

"We will never sit idly [by] over any sexual harassment or sexual violence against Korean women," they warned, calling on Luck to bring to light all the facts of the recent sexual harassment and rape by U.S. service members and punish them.

On May 19, nine U.S. service members allegedly beat a Korean man who protested one of them touching a Korean woman on the hip at Chungmuro Subway Station in Seoul. They complied with a police summons but denied the charges. On May 22, a U.S. soldier allegedly beat and raped a Korean girl in Uijongbu, north of Seoul. Violence by American soldiers against Korean civilians again took place in Chunchon and Suwon last week.

Under the SOFA, Korean authorities cannot seek punishment against U.S. service members who find shelter at the U.S. military bases after they committed a crime, the women's groups noted.

Quantity of Arms Imported From U.S. Questioned

SK2705113395 Seoul HANGYORE SINMUN in Korean 27 May 95 p 3

[Editorial: "The World's Biggest Weapons Importer"]

[FBIS Translated Text] It has been reported that the ROK will be the biggest importer of U.S.-made weapons next year. This proves what a large amount of money the ROK has spendt on its military buildup. A U.S. State Department report to Congress detailing its external activities for fiscal year 1996 states the ROK will purchase military equipment and services worth $1.802 billion from the United States, becoming the biggest buyer. The ROK is followed by Saudi Arabia, an oil-producing country in the Middle East, with $1.56 billion. Considering the fact that the United States is the biggest weapons exporter, the ROK, regrettably, may become the world's biggest weapons importer.

No one denies that a war may break out on the Korean peninsula. As a matter of fact, it is a very convincing allegation that building up forces sufficient enough to deter a war provoked by North Korea is a way to secure peace on the Korean peninsula. The government has spent 2.2 trillion won since 1992 under the Yulgok project and is still spending massive funds to buy state-of-the-art weapons. One may say this is an unavoidable expenditure necessary to ease the people's uneasiness over national security. However, it is time we reexamine whether devoting ourselves to a military buildup at the expense of shamefully being called one of the world's biggest weapons importer is the best we can do and is unavoidable.

As the government has stressed very often renewing the people's consciousness, North Korea maintains massive military strength beyond its national power. South Korea's military strength is a match for that of North Korea or, as some people estimate, is superior to that of North Korea given the capability of South Korea's state-of-the-art weapons. Therefore, if a war breaks out on the Korean peninsula, it will lead to total destruction. Setting limits on building up forces to deter someone else's aggression is very difficult, while the other choice is a continual military buildup.

The Korean peninsula, turning a blind eye to the worldwide trend of discussing arms reduction, is frantically pursuing a military buildup. We are under the impression that South Korea has taken the lead on the strength of its economic growth. We need to closely examine whether those imported weapons are really necessary for peace at a time when South Korea has succeeded in acquiring the ability to manufacture weapons domestically to a great extent. More and more new state-of-the-art weapons are being developed today. Are we not wasting our valuable foreign exchange to back up the U.S. military- industrial complex? We want to stress that a military buildup is not the only way to secure peace.

Military Reportedly To Buy 2 Aegis Warships

SK3005055595 Seoul CHOSON ILBO in Korean 29 May 95 p 2

[By reporter Yu Yong-won]

[FBIS Translated Text] The Ministry of National Defense has purportedly decided to import two Aegis warships — ultramodern air-defense warships — by the beginning of the 21st century, with a view to protecting sea transport routes and to coping with naval reinforcements of neighboring countries as part of its medium- and long-term weapons acquisition plans.

An Aegis ship is a U.S.-made ultramodern warship equipped with various kinds of ultramodern electronics equipment, including a new type of radar, which can detect stealthy movements of enemy aircraft flying several hundred kilometers away. Presently, the United States and Japan are the only countries that possess such warships.

One Ministry of National Defense official concerned said: "The Ministry of National Defense and the headquarters of the Joint Chiefs of Staff accepted the Navy's suggestion to make such a decision. This plan will be implemented as the third part of the KDX (Korean-style destroyers) project." An Aegis ship now costs about 800 billion won, but its price is expected to soar to more than 1,000 billion won by the early 21st century.

An Aegis ship is a large-scale warship with displacement tonnage of 8,000 to 9,000 tonnes, and is armed with various kinds of electronics equipment, anti-air and anti-ship missiles, and anti-submarine helicopters.

Defense Ministry Denies Reports

SK3005065795 Seoul THE KOREA HERALD in English 30 May 95 p 3

[FBIS Transcribed Text] The Defense Ministry yesterday denied a news report that South Korea may buy two U.S.-made high-technology Aegis warships.

A ministry spokesman said that "it's not true because we have never considered it and we don't think it's time to consider that."

The Seoul-based daily CHOSON ILBO reported in its Monday edition that the Defense Ministry and the Joint Chiefs of Staff, accepting a Navy suggestion, considered buying two Aegis warships by early 2000s in a long-term weapons acquisition project.

An Aegis warship is priced at about $1 billion.

U.S. Use of Chemicals on Food Exports Examined

SK2705100295

[FBIS Editorial Report] The following is a compilation of editorials carried in 27 May Seoul vernacular dailies reacting to the U.S. use of chemicals on agricultural products for export.

The conservative CHOSON ILBO carries on page 3 a 900-word editorial expressing shock at a photograph showing an American farmer spraying a huge amount of chemicals on wheat to be exported. The editorial continues: "If this photograph is not deliberately fabricated and its truth is not distorted, it can serve as worthwhile evidence on which relevant countries ought to have consultations."

The editorial expresses shock at "the double standard" the United States applies to agricultural and fishery products for domestic consumption and to export goods and criticizes the U.S. practice of denying the existence of chemical residue on agricultural products imported from the United States. While viewing "such a double-dealing attitude of the United States and its indiscriminate pressure to open markets as incompatible and contradictory," the editorial stresses that it behooves the government to protect the health of citizens from the deluge of imported agricultural products and urges the government to "hold consultations with the U.S. side to secure firmer assurances on the safety of agricultural products."

The moderate TONG-A ILBO carries on page 3 a 900-word editorial on a video showing Americans spraying huge amounts of chemicals over agricultural products for export, such as wheat, corn, apples, oranges, bananas, cherries, and grapefruit. Noting that such scenes are evoking astonishment and shock, the editorial continues that it has confirmed the "double-dealing attitude of the United States of applying strict regulations on agricultural products for domestic consumption and indiscriminately spraying chemicals over agricultural products for export." The editorial notes the ROK's lack of a good system to conduct customs and quarantine inspections of imported foodstuffs and emphasizes the importance of the safety of foodstuffs and stresses the need to quickly establish a food and drug agency.

The moderate HANGUK ILBO carries on page 3 a 900-word editorial on the video showing Americans spraying huge amounts of harmful chemicals on agricultural products and stresses the need to be fully prepared to cope with the "double-dealing" attitude of the United States, while urging ROK citizens to become aware of the danger of harmful foodstuffs and also urging the authorities concerned to establish a perfect mechanism to cope with this issue.

The moderate KYONGHYANG SINMUN carries on page 3 a 900-word editorial blaming the United States for "wheat nearly soaked with chemicals, oranges 'bathed' in insecticides, and apples treated with polish." The editorial adds that "the United States is said to spray chemicals, whose safety standards exceed the basic permissible standards by 100 times in a maximum case, on agricultural products for export, but does not spray any chemicals on produce for domestic consumption."

The editorial stresses the need to ban the import of "the chemical-soaked" agricultural products, and urges consumers to exercise their wisdom and a correct sense of judgment to "mete out punishment to the immorality of the exporters of such agricultural products."

The moderate CHUNGANG ILBO carries on page 5 a 600-word editorial criticizing the government for "failing to be equipped with a will to counter pressure from a foreign country to open markets and instead, deciding to please the foreign country while ignoring the protection of the citizens' health." The editorial deplores the reality in which the ROK lacks sufficient ability, equipment, and manpower to verify the safety level of imported agricultural products or foodstuffs in a correct and swift fashion. The editorial stresses the need to develop an appropriate logic to cope with requests from foreign countries for further market openings and increase negotiating capabilities.

The independent moderate MAEIL KYONGJE SINMUN carries on page 3 a 900-word editorial reviewing the government's plan to revise drastically the food sanitation system with a view to coping with the trade issue that has arisen as a result of the U.S. filing a complaint with the World Trade Organization, WTO, by alleging that the ROK is conducting unfair trade practices in the quarantine and customs inspections of imported agricultural products. The editorial reviews the government's position in which it has had to revise the existing food sanitation system before 1 June when the ROK will hold relevant negotiations with the United States and Canada, adding that Canada has also filed a complaint with the WTO against the ROK's imposition of shelf life limitations on mineral water and pork. The editorial concludes by stressing the need to reinforce the existing food sanitation system and enforce a new system on a step-by-step basis.

Safety Checks on Imported Foods Set for Jun

SK2905013595 Seoul YONHAP in English 0103 GMT 29 May 95

[FBIS Transcribed Text] Seoul, May 29 (YONHAP) — Amid the reports of U.S.-imported farm products containing harmful pesticides, the Consumer Protection Board (CPB) has decided to conduct safety checks of nearly all imported and processed foods during the next month.

Increased complaints by consumers concerning the food import procedures which undergo quarantine inspections after customs clearance, as well as their concern about U.S.-imported foodgrains, reportedly containing chemicals harmful to health, have prompted the board to start the inspections next month.

Chong Yong-tok, the board's consumer safety officer, said Monday the board is preparing an inspection plan to include almost all of the imported and processed foods.

With the nation's food market opened wider this year under the new world trade order, the board had planned to conduct safety inspections of some imported foods sometime during the latter half of this year, but increased concerns by consumers after hearing reports that harmful chemicals were found in U.S.-imported foodgrains has caused the board to conduct the inspections much earlier and on a much wider scope of imported foods.

The inspections will focus on determining whether harmful chemicals remain in imported and processed foods and whether the content of such remains exceed the permissible level for human safety, as well as finding new chemicals not known until now, Chong said.

When these inspections are completed the board will immediately start to inspect imported meat to determine whether the content of antibiotics remaining would be harmful to humans.

The board will also station food safety monitors in the United States and other food-exporting countries to check whether these countries are using unauthorized pesticides in raising crops, and harmful antiseptics and other such chemicals in shipping foodgrains to foreign countries.

Quarantine of U.S. Foodstuffs To Begin in Fall

SK2905015295 Seoul YONHAP in English
0131 GMT 29 May 95

[FBIS Transcribed Text] Seoul, May 29 (YONHAP) — South Korea and the United States recently agreed that foodstuffs brought into the country by United States Forces in Korea (USFK) will be quarantined by local authorities beginning this coming autumn, according to a Foreign Ministry spokesman Monday.

During a meeting of officials from the Status of Forces Agreement (SOFA) Joint Committee on plant quarantine, the two sides agreed that they will soon exchange a memorandum of understanding (MOU) to ensure that all foodstuffs, including fruits, vegetables, and rice, brought into USFK bases from abroad undergo local inspections, said Kim Uk, director of the Foreign Ministry's North American Division II which oversees SOFA on the Korean side.

Kim, however, said that "although the USFK agreed in principle to the local inspection of foodstuffs brought into the country by the USFK, the two sides still have technical issues to be solved before implementing the quarantine procedures."

Some foodstuffs used in American military bases have long been illegally distributed in the domestic market, raising concern over the safety of the foodstuffs which have been exempted from local inspections.

South Korea and the United States will hold a biannual SOFA Joint Committee meeting next month to examine a broad range of issues concerning implementation of SOFA including environment, labor management, criminal procedures, plant quarantine and the management of facilities occupied by the USFK, Kim said.

Two Fishing Trawlers Captured by PRC 27 May

SK2805013495 Seoul KBS-1 Radio Network
in Korean 0025 GMT 28 May 95

[FBIS Translated Text] On 27 May, while fishing in the West Sea [Yellow Sea], two trawlers, No. 85 Usong and No. 86 Usong, from the Inchon branch of the Usong Fishery Company, sent a message at around 1400 [0500 GMT] saying that they were being dragged by a PRC patrol boat. Their communications were later interrupted.

According to the Inchon Maritime Police Agency, the No. 85 Usong and No. 86 Usong trawlers left the port of Inchon on 14 and 21 April, respectively, and had since been engaged in catching blue crabs on the West Sea. That afternoon, they sent a message to the Inchon Fishery Communications Bureau saying that a PRC patrol boat was attempting to capture them at sea 13 miles southeast of the PRC's Shandong Province; and shortly afterward their communications were interrupted.

Eight and nine crew members were aboard the respective fishing boats, making a total of 17.

Reportage on DPRK Seizure of Fishing Boat

Boat Fired on, Fishermen in Custody

SK3005061195 Seoul YONHAP in English
0602 GMT 30 May 95

[FBIS Transcribed Text] Seoul, May 30 (YONHAP) — As of 12:50 pm [0350 GMT] Tuesday a South Korean fishing boat was being taken by a North Korean patrol ship to the North after being fired upon in the West Sea [Yellow Sea], about 28 kilometers north of South Korea's northernmost point, the Defense Ministry said Tuesday.

The fishing boat, the 103-ton "86 Usong," had been captured by a Chinese patrol ship last Saturday in the West Sea and was returning to the port city of Inchon from China after it was released.

The trawler, which has eight South Korean fishermen aboard, was captured by the North Korean patrol ship about 40 kilometers northwest of Paeknyong Island.

Immediately after the seizure, the ministry took measures to bring back to port all fishing boats working near the northernmost point of Inchon, and to immediately cope with the incident.

2 Crewmembers Killed, 1 Wounded

SK3005095395 Seoul YONHAP in English
0947 GMT 30 May 95

[FBIS Transcribed Text] Inchon, South Korea, May 30 (YONHAP) — Two of the eight fishermen aboard the South Korean trawler captured Tuesday by a North Korean patrol ship off the west coast were killed and a third was wounded by gunshots fired by the North Koreans in the course of being forcibly taken to the North, a government source said.

The 86 Usong, the captured trawler, sent its last message to the Inchon wireless station at 12:45 pm from the West Sea [Yellow Sea], 25 miles northwest of Paengnyong Island, South Korea's northernmost island, saying "A North Korean patrol boat approached the side of Usong and opened fire."

The 86 Usong is one of two trawlers which had been captured by Chinese patrol ships Saturday in the West Sea. The Chinese authorities released one of them on Tuesday, while detaining the other — the 85 Usong.

The 86 Usong turned out to have inadvertently intruded the North Korean waters North of the seaward extension of the Military Demarcation Line on its way home from a port in China's Shandong Province, officials of Usong Fisheries Co. said.

Since the 86 Usong is a supplementary vessel to its mother ship, the 85 Usong, the officials said, it had not been equipped with sophisticated navigational instruments and, for that reason, had to rely on a compass.

Han Chae-su, president of the company, said, "We failed to see the ship off Inchon by the time it had been supposed to show up this morning. We later could confirm at Inchon Fisheries wireless station that the boat erroneously violated North Korean waters."

Government Holds Emergency Meeting

*SK3005110895 Seoul YONHAP in English
1101 GMT 30 May 95*

[FBIS Transcribed Text] Seoul, May 30 (YONHAP) — The government held an emergency meeting Tuesday afternoon to discuss ways to obtain the early release of the fishermen of a South Korean trawler, the 86 Usong, captured by a North Korean gun boat in the West Sea [Yellow Sea] earlier in the day.

The meeting, chaired by Vice Unification Minister Song Yong-tae, decided to ask the Korean National Red Cross to urge the North Korean Red Cross to see to it that the captured fishermen and their boat be returned to the South at an early date.

The Korean National Red Cross is expected to send a telephone message to the North Korean Red Cross Wednesday to call for the early release of the fishermen.

The meeting also decided to try to obtain their return through diplomatic channels if the Red Cross effort ends in vain.

Meanwhile, North Korea claimed they captured an unidentified vessel at 12:40 pm [0340 GMT] Tuesday after it "intruded into our territorial waters."

A 5 pm [0800 GMT] central radio broadcast said that "the People's Army naval craft opened a preliminary fire at the vessel in a firm self-defense measure, and as the ship kept fleeing away, the naval craft captured it in a decisive action."

Reportage on Rice Aid to North, Japanese Role

Government Says Offer Unconditional

*SK2605125095 Seoul YONHAP in English
1243 GMT 26 May 95*

[FBIS Transcribed Text] Seoul, May 26 (YONHAP) — The South Korean Government announced Friday evening it is willing to provide food grains to North Korea without any prerequisite or political strings attached.

In a special press conference at his office, Deputy Prime Minister and concurrent National Unification Minister Na Ung-pae said the government hopes there will be discussions with North Korea on such procedural matters as the kind and amount of grains to be provided, place of delivery and means of transportation.

The announcement came after a press report from Tokyo indicated that while asking Japan for food grains, a Pyongyang official remarked in Tokyo that North Korea would study it if South Korea proposes to furnish rice to the North without any prerequisite and political conditions.

"The government proposes that delegates of both sides' authorities would meet to discuss the issue at a time and place of North Korean choice," Na said.

He added, however, it is not that there should by all means be dialogue or discussion between the two sides' authorities on the matter. "There could, for instance, be the method of Japan acting as an arbitrator between the two sides," Na said.

The new proposal supersedes the hitherto South Korean Government policy that there should always be dialogue between the two sides' authorities for the provision of grains to North Korea, and, in addition, the guarantee should be obtained that grains to be given are to be distributed to the North Korean people.

The deputy premier also said that from the humanitarian standpoint he sees no reason why the government should try to keep Japan from providing rice to North Korea.

"I think we can decide it later whether we shall provide rice to North Korea for free of charge or we shall loan rice to them on a long-term and low-interest basis," Na said.

Ministers Discuss Food Aid, Japan

*SK2705054995 Seoul YONHAP in English
0508 GMT 27 May 95*

[FBIS Transcribed Text] Seoul, May 27 (YONHAP) — Prime Minister Yi Hong-ku presided over a meeting of relevant ministers Saturday morning to discuss providing North Korea with rice and other grains.

The meeting adopted a principle that "it is desirable to deal with matters concerning the wellbeing and welfare of the nation within the nation on a priority basis," Song Tae-ho, chief secretary to the prime minister said.

The session also confirmed that "even humanitarian aid to North Korea by a foreign country, in view of the special nature of inter- Korean relations, should be handled prudently with due attention given to procedures," Song said.

These principles will call for Japan, to which the North has asked for aid in the form of rice, to respond to the request through consultations with Seoul.

Deputy Prime Minister and Unification Minister Na Ung-pae reported to the meeting that "North Korea has been confirmed it is prepared to accept rice from South Korea as well."

The government will hold a working-level officials meeting Monday, presided over by Vice Unification Minister Song Yong-tae, to work out detailed steps for offering rice to North Korea including the quantity, terms and procedures.

Also attending the ministerial meeting were Foreign Minister Kong No-myong, Vice Finance and Economy Minister Yi Sok-chae and Senior Presidential Secretary for Foreign and Security Affairs Yu Chong-ha.

Minister, Japanese Envoy Discuss Aid

SK2705084195 Seoul YONHAP in English 0829 GMT 27 May 95

[FBIS Transcribed Text] Seoul, May 27 (YONHAP) — Foreign Minister Kong No-myong called Japanese Ambassador Shintaro Yamashita to his office Saturday to explain about the government's offer Friday to provide foodgrains to North Korea.

Because Deputy Prime Minister and National Unification Minister Na Ung-pae proposed to supply the North with rice and other grains without any conditions on a humanitarian basis, the North Koreans cannot reject it, Kong told Yamashita.

Saying the government must have direct talks with the North Koreans on how to deliver the food, Kong stressed South Korea's food supply "must have priority over" (Japan's food assistance to the North).

North Korea has asked for Japan's food assistance to solve its ever-worsening food shortages.

Yamashita, calling Minister Na's food assistance offer "a very appropriate proposal," said he expects North Korea to accept the proposal.

Kong and Yamashita agreed on the need for the two countries to maintain close cooperation in providing food assistance to North Korea.

Dailies on Government Plan, Motives

SK2705142895

[FBIS Editorial Report] The following is a compilation of articles carried in 27 May Seoul vernacular dailies reacting to Deputy Prime Minister Na Ung-pae's proposal to provide North Korea with rice and grain without any preconditions.

The conservative CHOSON ILBO carries on page 3 a 1,500-word article expressing a positive reaction to the government's rapid acceptance of North Korea's request for rice aid. The article continues: "It appears that if North Korea accepts rice from South Korea, it will serve as an important occasion to improve North-South relations, which have been aggravated due to the nuclear issue. Because food problems are more important and basic than the nuclear issue in the North Korean system, it is possible that trust between North and South Korea will be built through providing rice without preconditions."

Referring to North Korea's possible refusal of South Korea's proposal to provide rice aid, as well as to the possibility of its freezing North-South dialogue after accepting the South Korean rice, the article reports: "There is an assessment that the rice requested by North Korea will be used for 'congratulatory purposes' to the North Korean people when Kim Chong-il is inaugurated to the post of president." While viewing statistical data on the food shortage in North Korea from 1990 to 1994, as well as the reason for its aggravated food shortage situation, the article reports: "North Korea is pushing ahead with importing grain from China and Thailand by sending economic delegations there."

Referring to the government's rice inventory, the article reports: "The Agriculture and Fisheries Ministry's assessment is that it can provide approximately 144,000 tonnes of rice to North Korea, depending on humanitarian factors or political considerations."

The moderate TONG-A ILBO carries on page 3 a 900-word article on the background of the government's proposal to provide rice aid to North Korea. Referring to the possible new phase in North-South dialogue due to the government's 26 May proposal without preconditions, the article reports: "If North Korea — which refuses to accept ROK-model light-water reactors

— accepts the ROK proposal for its people's relief, disregarding its pride, this will serve as a turning point in creating a new atmosphere for the improvement of North-South relations." Referring to an assessment by National Unification Board officials regarding North Korea's request for rice aid, the article reports: "What North Korea wants is rice, not North-South dialogue."

The moderate HANGUK ILBO carries on page 3 a 1,000-word article on the significance of the government's proposal to provide rice aid to North Korea expressing the view that this indicates the government has waited and is prepared for North Korea's expression of intent. Referring to the Japanese Government's favorable discussions to provide grain aid to North Korea, the article reports: "Michio Watanabe, former foreign minister — who headed the delegation of Japanese coalition ruling parties that visited North Korea — visited Seoul on 3 May after returning home from North Korea to convey Japan's position to the ROK Government."

The moderate KYONGHYANG SINMUN carries on page 3 a 1,200-word article opining that the purpose of the government's proposal is to induce North Korea to North-South dialogue. Noting President Kim Yong-sam's expression of his willingness to provide rice to North Korea during his trip to Berlin in March, the article reports that "North Korea has so far shown a negative reaction. It appears that this is due to North Korea's pride," and continues, "the government believes, however, that North Korea will not refuse it this time." The article also reports: "It is likely that North-South relations will enter a new phase when South Korean rice is officially provided to North Korea. Some circles within the government predict that the issues of light-water reactors and armistice negotiations may be resolved through a dialogue between authorities concerned from the two sides."

The moderate CHUNGANG ILBO carries on page 3 a 600-word article expressing the view that the government's proposal is a humanitarian decision. Referring to North Korea's recent food-shortage situation, the article reports: "Even China — which has so far provided food aid to North Korea — has stopped doing so due to its own food shortages." Noting North Korea's recent suspension of food distribution to people in Chagang, Yanggang, and Hamgyong Provinces, including some areas in Pyongyang city, the article reports that North Korea's request for rice aid before the beginning of the monsoon season illustrates the worsening food situation in North Korea.

The pro-government SEOUL SINMUN carries on page 3 a 600-word article discussing the government's goal to achieve exchanges of North-South cooperation through the provision of rice aid to North Korea. Referring to the government's strong will to improve North- South relations, the article reports: "The government expects that North Korea will accept the proposal this time."

The left-leaning HANGYORE SINMUN carries on page 3 an 800-word article expressing the government's will to achieve North-South dialogue on the occasion of North Korea's request for rice aid. Referring to the government's flexible proposal to provide rice to North Korea, as well as its position indicating that it will not oppose Japan's provision of rice to North Korea on humanitarian terms, the article concludes: "The government is showing the maximum favorable position for creating an atmosphere for North-South dialogue."

DPRK Official Interviewed on Aid

SK2805030895 Seoul SEOUL SINMUN in Korean 28 May 95 p 4

[Report on telephone interview with Yi Song-nok, chairman of North Korea's International Trade Promotion Committee, by Kang Sok-chin, SEOUL SINMUN's Tokyo correspondent, in Tokyo on 27 May]

[FBIS Translated Text] "The dialogue on rice" between Japan and North Korea has been making rapid progress. Our government, too, has made public its intention to supply the North with rice without any strings attached.

This reporter had a conversation on 27 May with Yi Song-nok, chairman of North Korea's International Trade Promotion Committee, who is heading a North Korean delegation in the dialogue on rice with Japan.

Though he was a little hesitant when he heard about this reporter's identity, soon afterward he talked over the phone comfortably and without showing much surprise. This notwithstanding, he avoided giving clear-cut answers to almost all of the questions by saying: "It is not yet time to talk about that."

First of all, to the question as to "When do you expect Japan will provide the rice?" he replied: "I have no idea. I am not in a position to talk about that at this moment."

When asked "if there was any fixed schedule to meet with the Japanese side in the future," he said: "Nothing has been fixed yet." At the moment, his remarks on this point appear to be true to a great extent.

When asked "if he was scheduled to return home on 28 May," he said: "I think that the date of my return will have to be fixed later." Afterward, this reporter tried to reach him at the hotel where he was staying, but there was no answer. This reporter later was told by the hotel employees that he would check out on

28 May. Maybe he was staying in Tokyo until he saw Japanese Prime Minister Tomiichi Murayama and Foreign Minister Yohei Kono fine tune their respective views after being informed of the results of the working-level Japanese officials' examination of the rice aid issue.

When this reporter asked if he knew that the ROK Government made public on 26 May its intention to provide rice without any strings attached, he answered first that he "knew" about it. He then said: "We, too, know that because we are reading every newspaper here."

He often cut this reporter short by saying "Let us stop talking," when he was asked about his opinion of the ROK Government's proposal. He did not make any remarks denouncing the ROK Government's measure. Can his attitude be interpreted as a change?

Because it was apparent that Yi Song-nok was suspicious about this reporter's identity, this reporter asked if it would be all right to visit him early the next morning. At this point, he hung up the telephone, saying: "So long."

Japanese Aid Opposed

SK2805032095 Seoul THE KOREA TIMES in English 28 May 95 p 2

[FBIS Transcribed Text] The government, shifting its policy overnight, said yesterday that it opposes Japan's intention to offer rice to North Korea unless Pyongyang accepts Seoul's rice first.

On Friday night, the government announced its decision to unconditionally provide North Korea with rice to alleviate its severe grain shortage. Deputy Premier-National Unification Minister Na Ung-pae also said that the government doesn't oppose Japan's offer of grains to the North.

The abrupt shift, which clouded prospects of North Korea's acceptance of Seoul's offer, was made in a Cabinet members' meeting presided over by Prime Minister Yi Hong-ku and attended by Deputy Premier Na, Foreign Minister Kong No-myong, Vice Finance-Economy Minister Yi Sok-chae and senior presidential advisor Yu Chong-ha.

"Such affairs related to the nation's prosperity and welfare should be made first within the nation," a spokesman for the Prime Minister's Office said.

The spokesman said that the government opposes the international community's action to offer grains to North Korea because "the special situation on the Korean peninsula should be taken into consideration."

The government will hold an inter-ministerial meeting, presided over by Vice Unification Minister Song Yong-tae, early this week, to set up detailed strategies on the rice aid.

Prime Minister Yi was quoted as saying "relevant government agencies should closely cooperate to push the rice aid project smoothly."

Earlier, Deputy Premier Na said that the government is willing to offer grain to North Korea without any preconditions and without any political implications.

He also proposed a government-level meeting to discuss when and how to transport rice and other grains.

"The government wants official representatives from South and North Korea to meet whenever and wherever the North prefers," Na said.

He revealed that Yi Song-nok, chairman of North Korea's International Trade Promotion Committee who is currently visiting Tokyo, expressed willingness to accept Seoul's grain aid if it has no political implications.

The suggestion was made when Yi met officials of Japan's three coalition parties in Tokyo to ask for food aid from Tokyo.

Yi reportedly stressed that his request for rice was approved by high-level North Korean officials including Kim Yong-sun, secretary of the North Korean Workers' Party.

"We didn't receive any official offer from North Korea. But the North's intention was confirmed through diplomatic channels," Na said.

Na said that Seoul will not oppose its rice going to Pyongyang via Japan, boosting chances that North Korea would accept Seoul's rice.

He added that the government does not mind whether North Korea uses Seoul's grain for civilian or military purposes.

The chief unification policymaker also said that the government doesn't oppose Japan's provision of rice to North Korea if it is offered for "humanitarian consideration."

"We intend to offer our rice as compatriots in constructing the national community," he said.

Na said that Seoul's offer is not related to the nuclear talks between the United States and North Korea in Kuala Lumpur.

Besides the government-level aid of grain to North Korea, the unification minister said that the government had already allowed South Korean civilian organizations to offer a small volume of rice if there is a guarantee that the grains are not diverted to military purposes.

In March, President Kim Yong-sam declared his willingness to offer rice to North Korea while attending the World Summit for Social Development in Copenhagen.

Earlier, the government said that it would provide rice to North Korea if Pyongyang makes a formal request.

'Discord' With Japan on Aid Possible

SK2805060795 Seoul TONG-A ILBO in Korean 28 May 95 p 2

[By reporter Han Ki-hung]

[FBIS Translated Text] On 27 May, even before North Korea had responded to our offer of unconditional grain supply, the government emphasized the humanitarian aspect of its proposal because of its concern over the possibility that the food aid to North Korea by the ROK and Japan may degenerate into a political and diplomatic issue.

In particular, the government mentioned it is desirable that the international community carefully handle even humanitarian aid to North Korea, taking into consideration the special nature of inter-Korean relations. This comment is virtually regarded as showing the government's intention to restrain Japan's moves.

A high-level government official stated on 27 May: "Our government is embarrassed at the Japanese media reporting as if Japanese rice would arrive in North Korea before ours and as if our government agreed to supply rice via Japan."

As a matter of course, North Korea's food crisis should be resolved through negotiations between South and North Korea. Japan's intervention in this matter may cause a delicate diplomatic problem.

We can easily assume that Japan's food aid to North Korea, with which it has no diplomatic relations yet, would accelerate the ongoing negotiations for normalizing diplomatic relations.

Accordingly, if Japan uses the rice supply as a lever to improve relations with North Korea, discord will probably arise between Japan and the ROK, which wants to use the food aid as a way to regain momentum for inter-Korean dialogue.

This is why the government emphasized that under the current situation, our rice should arrive in North Korea before any foreign country's food aid even though it is based on humanitarian concerns.

Of course, if Japan accepts North Korea's request for the supply of rice, our government will have no excuse for opposing it. This is why the government began to prepare prompt countermeasures as soon as North Korea acknowledged its food crisis to the outside world.

According to the government's estimates, North Korea is short 2.4 million tonnes of grain out of a total shortage of 2.6 million tonnes for this year as China has already provided it with 200,000 tonnes of grain

In case Japan, however, provides 840,000 tonnes of rice as North Korea requested, North Korea may refuse to receive our rice because it would be able to manage with the Japanese rice for the time being.

Moreover, it is possible that the United Nations Food and Agriculture Organization will question this large amount of food aid to North Korea.

The government, which is trying to not only help North Korea overcome its worst food crisis but also improve inter-Korean relations, cannot help but prepare measures to cope with such a difficult situation.

Agencies Meet on Aid Amounts

SK2905013295 Seoul YONHAP in English 0055 GMT 29 May 95

[FBIS Transcribed Text] Seoul, May 29 (YONHAP) — The quantity of rice South Korea will be able to supply North Korea to help alleviate its food shortage is expected to be around 1 million sok (144,000 tons), the surplus in the nation's rice reserves this year, government officials said Monday.

The figure is derived by subtracting 6 million sok, an ordinary reserve recommended by the World Food Organization, from 7.01 million sok in anticipated rice reserves this year.

How much rice and other grains will be offered to North Korea will be discussed at a meeting of working-level officials from eight government agencies Monday afternoon.

The meeting, to be presided over by Vice Unification Minister Song Yong-tae, will also discuss ways to transport food shipments to the North and delivery procedures the North will accept, the officials said.

Attending the meeting will be officials from the National Unification Board, the presidential office of Chongwadae, the prime minister's office, the Ministries of Finance-Economy, Foreign Affairs, Agriculture-Forestry-Fisheries, and Construction-Transportation and the Agency for National Security Planning.

Defining the proposed provision of rice and other grains to the North as an internal transaction among the Korean people, and regarding it as part of inter-Korean cooperation, the government will reportedly study allocating some 200 billion won (about 263 million U.S. dollars) from the South-North Korea cooperation fund to procure the grains.

Officials Mull Options on Aid

SK2905114095 Seoul YONHAP in English
1135 GMT 29 May 95

[FBIS Transcribed Text] Seoul, May 29 (YONHAP) — A meeting of working-level officials from nine relevant government offices Monday afternoon discussed matters related to the government offer of food grains to North Korea.

Attending officials exchanged opinions on the amount of the grains to be furnished, method of transportation and delivery procedures, National Unification Board spokesman Kim Kyong-ung said.

One decision made at the meeting was to secure the grains for the North with the South-North cooperation fund totaling 200 billion won since the rice provision would be an intra-national dealing, Kim said.

"We will decide on other procedural matters after North Korea showed its reaction to the rice proposal," Kim said.

Officials Say Japan Not Given Go-Ahead

SK2905115795 Seoul YONHAP in English
1151 GMT 29 May 95

[FBIS Transcribed Text] Seoul, May 29 (YONHAP) — The press reports that the Japanese Administration and coalition ruling parties decided Monday to supply rice to North Korea with understanding from South Korea are not true, a Seoul government official said Monday.

Yu Kwang-sok, Foreign Ministry spokesman, said that the Japanese Foreign Ministry had explained that the rice issue wasn't included in the topics of a meeting of the heads of coalition ruling parties or an administration-ruling party liaison conference.

According to the Japanese explanation, an attendee to the coalition party heads meeting offered the idea that the rice could be given to the North through the Japanese Red Cross, and Foreign Minister Yohei Kono replied that no decision was made yet.

The Japanese explanation also said that asked about the rice issue, an official emerging from the administration-ruling party liaison meeting said Japan would promote the issue from a humanitarian standpoint under the condition of obtaining South Korea's understanding, Yu added.

Minister Urges DPRK To Accept Offer

SK3005064795 Seoul YONHAP in English
0544 GMT 30 May 95

[FBIS Transcribed Text] Seoul, May 30 (YONHAP) — Foreign Minister Kong No-myong on Tuesday urged North Korea to unconditionally accept South Korea's "humanitarian offer" to provide it with rice.

He also stressed that Japan should only provide rice to North Korea if the North first accepts rice from the South, saying, "We have already asked Japan to provide the North with rice after South Korea provides the North with rice through direct inter-Korean contact."

Kong was speaking to a meeting of the National Assembly Foreign Affairs and National Unification Committee.

Kong feared that Japan's provision of rice to the North under the circumstances that the North refuses to accept rice from the South, will help the North's "political purposes" by alienating the South from Japan.

"It will eventually undermine efforts by the South to solve the North Korean nuclear and other issues surrounding the Korean peninsula," said the foreign minister.

Kong also said that his ministry will take the necessary measures regarding revisions to the Status of Forces Agreement (SOFA) which has been deemed inadequate by some South Koreans when compared with SOFAs in other countries.

He, however, said that "the ministry will concurrently take steps to operate within current SOFA clauses in a reasonable manner, because of the fact that any revision to the agreement could take a substantial amount of time."

On the North Korean nuclear issue, Kong said that South Korea will continue to stick to the two principles of providing Korean- made light-water reactors to the North and playing a central role in the light-water reactor project.

"It's not clear at the moment whether the North will accept South Korean nuclear power plants and South Korea's central role in the reactor project at the ongoing nuclear talks between the North and the United States in Kuala Lumpur, Malaysia, in consideration of the attitudes the North has shown so far during nuclear talks with the United States," he said.

Kong, however, expressed confidence that the North will not break the Geneva agreed framework on the North's nuclear program by defrosting its nuclear facilities, because the breakup will take away all the benefits which the North will otherwise receive from the international community.

According to Kong, the country is very likely to be elected a non-permanent member of the United Nations Security Council (UNSC) for the 1996-1997 term during the next United Nations General Assembly meeting, slated for the coming October, as South Korea became the only candidate for the UNSC seat allocated for Asia when Sri Lanka withdrew from the competition recently.

The government will do its utmost to get two-thirds of the votes at the UN Assembly necessary to win a seat on the Security Council, which will greatly upgrade South Korea's image in trade, economy and international politics, he said.

World Vision Earmarks Food for DPRK

SK2705023295 Seoul YONHAP in English 0203 GMT 27 May 95

[FBIS Transcribed Text] Seoul, May 27 (YONHAP) — The first shipment of food grains earmarked for North Korea by World Vision is expected to reach North Korea in several days, about two months behind schedule, a government official said Saturday.

The 500 tons of corn will be the first case of assistance ever extended to North Korea by a private international organization since the 1950-53 Korean war.

The official said a delegation from World Vision's South Korean chapter visited China last week to confirm with North Korean officials the procedure that would be used to make the corn shipments at the end of this month.

The corn is being transported by train from Changchun, a city in China's northeastern Jilin Province, to Namyang, North Hamgyong Province in northeastern North Korea.

In China the World Vision officials secured 20 50-ton freight cars for the transportation of the 500 tons of corn and also for use in future World Vision food grain shipments, he said.

The international organization remitted 93,100 U.S. dollars to a Chinese broker last March with the U.S. Treasury Department's approval for the corn.

But North Korea had delayed its acceptance of the corn for undisclosed reasons.

In an agreement signed with North Korea's Committee for Promoting External Economic Cooperation in Shenyang, China, early last March, World Vision will provide 200,000 to 300,000 tons of grains to the North free of charge and at the earliest possible opportunities.

Article Views DPRK's 'Worst Food Shortage'

SK2705035495 Seoul KYONGHYANG SINMUN in Korean 27 May 95 p 3

[Article by reporter Yi Chung-kun]

[FBIS Translated Text] This year, North Korea is suffering from its worst food shortage because of bad crops in the last several years. The accumulated food shortage has been caused by the failure of the chuche farming method and because almost all foodstuff imports from the former Soviet Union and East European nations were discontinued in 1990 when those countries collapsed.

According to National Unification Board estimates, North Korea's total demand for grain this year is 6.72 million tonnes, but production was 4.125 million tonnes in 1994. This shows that North Korea's grain self-sufficiency ratio is 61.4 percent and that it is presently suffering from an absolute shortage of 2.595 million tonnes of grain.

The grain shortages of North Korea were 1.658 million tonnes in 1991; 2.073 million tonnes in 1992; 2.312 million tonnes in 1993; and 2.786 million tonnes in 1994.

The PRC, which had provided North Korea with grain aid, failed to give such aid because of the PRC's own bad crops and the worsened relations between the two countries, thereby aggravating North Korea's situation.

Because of this, it has been reported that North Korea is even urging its residents in most areas, excluding Pyongyang, to wage "a campaign to eat two meals a day" and even "a campaign to eat one meal a day" in some other areas.

North Korea purchased 54,000 tonnes of corn from the United States in March. In early May, it sounded out the possibility of purchasing 100,000 tonnes of corn, 50,000 tonnes of barley, and 10,000 tonnes of wheat from Hong Kong and Thailand. It has also been learned that North Korea is planning to dispatch a mission to Thailand in June to purchase 100,000 to 300,000 tonnes of rice.

North Said Adopting 'Pragmatic' Economic Policy

SK2905083295 Seoul CHUNGANG ILBO in Korean 29 May 95 p 1

[Report by Yu Yong-ku]

[FBIS Translated Text] It has been learned that after Kim Il-song's death, North Korea established a pragmatic economic line to improve the people's living standards and has begun full-scale economic reform.

The reform measures taken by North Korea from early this year to the present allow economic activities in all organs, including the party and administrative and economic departments, cultural and art organizations, and education organizations; and entrust to them the authority to import foodstuffs, operate private restaurants, and suspend large-scale construction projects requiring enormous amounts of material and manpower. They allow priority investment in the light industry sector and permit farmers to cultivate and expand vegetable gardens.

Such measures were recently confirmed by Beijing and influential sources in the three northeastern provinces [Liaoning, Jilin, and Heilongjiang Provinces] knowledgeable about North Korea's internal affairs. The sources said these are "teachings" by Kim Chong-il and that such measures have been announced to each organ throughout North Korea and have begun to be implemented.

Sources have also conveyed that since July, to support its economic reform, North Korea has decisively executed a large-scale shift in the generation of cadres. In the case of cadres in the economic sector, a policy has been established to appoint experts under 60 — thus, the retirement of the elder cadres has become a fait accompli.

A source that asked not to be identified said: "Even party organs, such as provincial and county party committees, are establishing their own economic businesses and the atmosphere has changed to such a degree that party cadres now have a concept of 'earning money.' Currently the atmosphere in North Korea is similar to that of China in 1978, when economic reform began."

This source pointed out that the reason Yi Song-nok, vice chairman of the External Economic Commission, officially requested a rice loan from Japan, regardless of North Korea's official position that it has continuously achieved bumper crops, is due to "a decision to carry out a pragmatic line."

North Korea has been keeping the concrete reform project hidden from the outside and has been emphasizing openly that light industry, agriculture, and trade policy lines are the best.

Sources have revealed that since the first anniversary of Kim Il-song's death, additional measures that can be openly observed by the outside will be put forth.

In this connection, sources convey that North Korean residents have expectations of "rumors on reform after July," and economic cadres saying: "We must increase trade with South Korea," can be heard everywhere.

UNSC Candidacy Secured as DPRK Fails To Apply

SK2705011095 Seoul YONHAP in English 0039 GMT 27 May 95

[FBIS Transcribed Text] United Nations, May 26 (YONHAP) — South Korea will be automatically recommended by the world body's Asia group as its sole candidate for non-permanent membership of the United Nations Security Council for 1996-97 as North Korea failed to declare its candidacy by the Friday deadline.

In a meeting of the Asia group last Friday, North Korea said it would consider competing for the nonpermanent seat of the Security Council in an effort to hinder South Korea from being recommended as the candidate from the Asia group.

The ambassador of Bhutan, who chairs the Asia group, accordingly decided to recommend South Korea as the only candidate if North Korea did not express its intent to run within the week.

North Korea, in a letter addressed to the Bhutani ambassador Thursday, sent by its ambassador to the United Nations Pak Kil-yon, objected to the Asia group's recommending South Korea as its sole candidate for the post, according to diplomatic sources.

North Moves To Exclude South From Tumen Project

SK2805032995 Seoul HANGYORE SINMUN in Korean 27 May 95 p 1

[By reporter Kim Song-su]

[FBIS Translated Text] North Korea is making a move to prevent the ROK's participation in the Tumen River development project and it remains to be seen how this move will develop.

According to the Finance and Economy Board on 26 May, North Korea on 25 May submitted to Russia and China a revised draft of the treaty on the project drastically cutting down the authority of the Consultative Commission for Tumen River Development, in which South and North Korea, Russia, China, and Mongolia are participating.

This North Korean move demonstrates its intention to endow the Cooperative Committee for Tumen River Development, which consists of North Korea, China, and Russia, with the right to make the overall decisions concerning the development project.

The treaty of the Consultative Commission for Tumen River Development, along with the treaty of the Cooperative Committee for Tumen River Development and an environmental memorandum of understanding, is supposed to be signed provisionally at the fifth meeting of the Planning and Management Committee for Tumen River Development slated for 29 May in Beijing. However, due to the North Korean move, it remains unclear whether the draft treaty will be signed as scheduled.

DPRK, Taiwan 'Rapidly' Improving Relations

SK2805052195 Seoul CHUNGANG ILBO in Korean 27 May 95 p 3

[Report by correspondent Yu Kwang-chong from Taipei]

[FBIS Translated Text] North Korea and Taiwan have been rapidly improving their relations, exchanging tourists and promoting economic cooperation by launching chartered flight services. During the Pyongyang festival held in late April, Taiwan launched services of two chartered flights between Taipei and Pyongyang. It also decided to launch five chartered flights for only a month beginning in July.

Taiwan's latest decision to launch the chartered flight service has been pushed by the Industrial Association of the Taiwan Strait, which reached a formal agreement on such flights with the Korea International Tourist Bureau of North Korea. It is expected that a fact-finding delegation composed of a large group of Taiwanese businessmen will board a chartered flight to visit the Najin-Sonbong special economic zone of North Korea.

According to a Taiwanese delegation which participated in the Pyongyang festival, Cho Won-myong, chairman of North Korea's External Economy Commission, proposed to the Taiwanese businessmen that various kinds of Taiwan daily necessities, including stationery, be exchanged with North Korean mineral goods, including steel and lead, on a barter system. One Taiwanese official said that North Korea and Taiwan had reached a tentative agreement on establishing liaison offices in Pyongyang and Taipei. In a meeting with the Taiwanese delegation, O Ki-chol, director of North Korea's Finance Bureau, hinted that North Korea might allow Taiwan to advance into the Najin-Sonbong special economic zone. It was also agreed that Taiwan will establish a bank in North Korea.

DPRK Intent To Explore Oil Fields Examined

SK2905032395 Seoul HANGUK ILBO in Korean 29 May 95 p 21

[Article by reporter Yu Sung-u]

[FBIS Translated Text] North Korea has established the Ministry of Crude Oil Industry in the Administration Council, showing its strong wish to explore for oil resources in the continental shelves in the East and West Seas [the Yellow Sea and the Sea of Japan, respectively]. Up until recently, North Korea has found signs of oil reserves in some parts of these seas and on land with its own technology or with the support of oil companies from Germany and the major Northern European oil company (?Independent). But it has been learned that North Korea has not yet begun developing any viable oil beds. Nonetheless, a general analysis is that the continental shelves in the North have a much greater possibility of containing oil reserves than those in the South. It appears that once North Korea boosts its economic opening, North Korea will begin drilling oil beds.

In his report to the seventh session of the Ninth Supreme People's Assembly held in April 1994, North Korean Premier Kang Song-san said: "We will find more crude oil reserves by reinforcing exploration facilities and equipment, while making more investments in the crude oil industry sector." His remarks attracted our attention in that North Korea officially disclosed for the first time the existence of its own crude oil reserves.

Afterward, North Korea established the Ministry of Crude Oil Industry. In an interview by a Japanese journalist last year, Ho Chong-man, vice chairman of Chongnyon [the General Association of Korean Residents in Japan], also said: "There are oil beds in the continental shelf in the West Sea — a point in the sea a little off north of Pyongyang — and somewhere on land."

Mr. Kang Myong-to, Premier Kang Song-san's son-in-law who defected to the South, has also said: "Two oil beds with a lot of oil reserves have been found in the sea off Wonsan."

It appears that it was confirmed at the end of the seventies that there is a possibility that North Korea has oil reserves. In his report to the sixth party congress held in 1980, Kim Il-song gave an order, saying: "It is necessary to open a clear prospect for production by concentrating efforts on developing oil resources."

Later, North Korea made efforts to develop oil reserves with the support of a foreign oil company, while engaging in the exploration of oil reserves with its own technology. North Korea once invited Pyongyang officials of six Western oil companies, including Totale of France and BHP of Austria, where North Korea presented a briefing on the development of its oil fields.

In addition, it has also been confirmed by relevant business circles that oil companies from Sweden, Norway, and Canada have conducted small-scale explorations mainly in the seas off North Korea.

On the occasion of the "Day of Geological Survey" on 15 May, the propaganda organizations of North Korea stressed in unison: "A technical foundation has been laid on which we can vigorously push for the exploration of fuel sources in conformity with the intentions of Comrade Kim Chong-il."

This notwithstanding, our government believes that such moves and remarks in North Korea have a politically-motivated nature aimed at creating in North Korean residents an optimistic sentiment toward their regime, rather than displaying North Korea's enthusiasm for production.

Revised Training Manual for Reservists Discussed

952C0105A Seoul HYANGTO PANGUI in Korean Mar 95 pp 46-50

[Staff for Mobilization, ROK Army Headquarters: "Explanation of the Teaching Materials for 1995 Reservist Security Education"]

[FBIS Translated Text] I. Outline

This year's teaching materials for reservist security education, prepared and distributed by the Army Headquarters, consist of five pieces—three basic teaching materials and two pieces of teaching materials deemed as appropriate.

The VTR [videotape recorder] materials were prepared in such a way as to lighten the teaching burden of the instructors by having the students teach themselves by watching the tapes. Accordingly, the instructor in charge will create an atmosphere conducive to learning, prior to each session, followed by a brief introduction of the teaching material before playing the tape. After the tape is shown, he will ask the students to make comments on what they have seen, and emphasize the key points before winding up the session.

New methods of presentation have been introduced for the application of this year's teaching materials. In some cases, well-known personages will make video presentations with comment, and in other cases experts will deliver their authoritative opinions on subject matters. Each piece of material is constructed in a different way from others, with attention paid to attracting the interest of the students. In particular, the real state of the leftist forces was dramatized on the basis of the facts so as to maximize "learning by impression" by appealing to the emotions of the viewers.

The contents of the 1995 security teaching materials are presented below by each subject so that the education officers and instructors in the education units may refer to them in preparing the security education of reservists.

Teaching Materials for 1995 Security Education for Reservists

Division	Subject	Content	Time	Target		
				Mobilized	Inactive Reserve	General
VTR materials	War and peace	Arouse awareness that "danger comes when war is forgotten"	30 min	zero	zero	zero
	War without bloodshed	Correct view of the enemy	30 min	zero	zero	zero
	Changing military situation & ROK security	Geopolitical view of national security	30 min	Education (if necessary)	zero	Education (if necessary)
	Whither is Kim Chong-il' North Korea going?	Real state of North Korean society	20 min	Education (if necessary)		
Film	"Awaken From Fantasy" (drama)	Truth about leftist forces	90 min	Education (if necessary)		

II. "War and Peace"

A. Objectives, Key Points of Education

The materials were prepared to arouse in the students the sense that "when people forget about war, danger will come inevitably." Currently prevailing in our society are illusory views of unification and North Korea, the illusion that the South is superior to the North in military power, and a sense of dependence on the United States for defense. The perception of the North as our enemy and our spiritual armament have been weakened so much that there are great misgivings about public apathy to security.

Therefore, despite the international situation in the post-Cold War era, it is imperative to analyze the danger of war existing on the Korean peninsula, the last remaining Cold War area in the world, in reference to factors such as: the critical stage that the North Korean regime has reached, North Korea's war potential and the possibility of its adventure, and the way the suspected North Korean nuclear weapons program has been handled, and to arouse security consciousness and concern for national defense among the public with a view to preventing hostilities from breaking out. Accordingly, emphasis will be placed on the ever-present danger of war on the Korean peninsula and examine the state of our readiness to cope with this contingency.

B. Gist of Content

1. War and Its Lesson

History is replete with examples of the stronger preying upon the weaker. Unless there is a secure deterrent, the danger of war will constantly threaten humanity in the 21st century, a century of hope and uncertainty.

The massacres and bestialities against the Jews in Auschwitz during World War II were made possible by the power of collective hypnosis practiced by the fanatic cult of personality and totalitarianism.

In this connection, we must tighten our guard against the dangerous nature of the hermetically closed North Korean society, another version of Nazism.

2. Diagnosis of the Danger of War on the Korean Peninsula

The crisis over the nuclear issue last year was not merely a confrontation between North and South Korea but it developed into a confrontation between North Korea and the United States and that between North Korea and the international community, raising the possibility of the Korean peninsula's becoming a battleground and accentuating the seriousness of the situation. A settlement was reached for the time being at the Geneva talks last year. But as long as North Korea regards the development of nuclear weapons as a matter of survival, there is the strong possibility that North Korea will precipitously dash along a hard line at any time, taking South Korea hostage over the nuclear issue and ranting that it will not hesitate to go to war.

There are certain facts which preclude us from brushing aside North Korea's outbursts that they will "not hesitate to go to war" and "turn Seoul into the sea of fire" as a mere smoke screen. The North Korean leadership is worried that the North Korean establishments are crumbling because of the various accumulated contradictions; therefore there is the possibility that the leadership will intensify its strategy aimed at communizing the whole of the Korean peninsula and risk war in an adventure to arrest the process of crumbling. There is a body of opinion in North Korea that on top of their poverty, South Korea and the United States are the cause of their suffering; therefore they might as well settle the matter by waging war against them. There is also the danger of war generated by the offensive nature of the North Korean military power.

3. Enhancement of People's Security Concern

North Korea has not changed its strategy toward the South whereas on our part, there is an unsettling phenomenon of slackening vigilance and neglecting national security, based on the illusion that the North Korean regime will soon crumble. There is also the mentality of dependence on the United States, arguing that we do not have to worry about our security because there are the U.S. Forces stationed in the South. There is also the argument that we need not worry about North Korea's nuclear development program (because North Korea's nuclear weapons will ultimately become ours when the country is unified). There is also the phenomenon of vilifying the proponents of preparedness as the remnants of the Cold War bellicosity or obstructionists standing in the way of unification... These phenomena would rather stir up North Korea's ambition to achieve unification by communizing the South by force. Therefore, we should know that North Korea is approaching us with a double-edged sword—as a fellow countryman who will discuss the question of national unification with us and as an enemy attempting to communize us.

4. Preparedness Can Prevent War and Preserve Peace

Following the teaching of an ancient saint that danger will come inevitably unless people are well prepared in peacetime, our officers and men on the front line and reservists must remember the unfortunate history our people had to experience because we had not prepared ourselves, and strive to maintain an airtight defense posture through a thoroughgoing security consciousness and a firm determination to defend the country. That is the duty and obligation to which we have to commit ourselves in order to prevent war and preserve peace on the Korean peninsula.

III. War Without Bloodshed

A. Objectives, Key Points of Education

Currently, North Korea is stepping up the psychological offensive to create confusion in our society as the pro-North Korean leftist elements, who have infiltrated various sectors of our society, such as press, political, cultural, social, and economic, are engaged in activities to undermine the South Korean establishments. As a result, it has become fashionable to view North Korea, our former enemy, as now our brethren; and what is worse, it is feared that the struggle of the antiestablishment forces to repeal the Anticommunist Law, among others, might become legalized.

Therefore, it is imperative to increase vigilance against the pro-North Korean leftist forces by educating the students on the links between these forces and North Korea's operations against the South.

B. Gist of Content

1. Fall of South Vietnam and Its Lesson

When Ho Chi Minh died in September 1969, some South Vietnamese parliamentarians, dissidents, and students set up a memorial altar in the Saigon University while demanding that a delegation be dispatched [to Hanoi] to mourn his death. In a strange coincidence, similar things happened in South Korea when Kim Il-song died. Five and a half years after Ho Chi Minh's death, South Vietnam fell as a result of the clandestine operations of the communist elements. Reportedly, the members of the South Vietnam Workers Party and the People's Revolutionary Party at that time numbered 50,000. This is a small figure compared with South Vietnam's population of 20 million, but these nuclear forces infiltrated the political, economic, social, cultural, and labor sectors sapping South Vietnam from within by mustering sympathizers.

Maintaining a thoroughgoing security consciousness by officers and men on the front line and reservists and an airtight national defense posture—this is our duty and obligation in preventing war and preserving peace on the Korean peninsula.

2. Our Internal Situation After Kim Il-song's Death

When Kim Il-song died, there was a voice in some segment of society calling for mourning over Kim Il-song's death and dispatching a condolence delegation to the North; and memorial altars were set up at some universities. When the memorial altars became an issue, the pro-North Korean elements twisted the fact and charged the government authorities with a scheme to concoct a procommunist conspiracy charge.

In those days Sogang University President Pak Hong exposed the fact that "Kim Chong-il is behind the group committed to the chuche ideology [chusapa]," creating a stir in our society. The exposure was later fully corroborated by the testimony of Kang Myong-to, a North Korean escapee.

The historical lesson that when we were weak our country became a battleground for big powers tells that only a strong defense capability can prevent war and guarantee peace.

3. Real State of the Pro-North Korean Leftist Forces

The Chusapa and other pro-North Korean leftist forces, linked to the apparatus of North Korea's operations against the South, parrot North Korea's lines, stand, and viewpoints.

The so-called Korean National Democratic Front [Hanminjon], an underground organization, which is linked to the United Front Department of North Korea's Korean Workers Party (the headquarters for North Korea's operations against the South), is directing the activities of the pro-North Korean forces behind the scenes. These forces, entrenched in cultural, art, academic, press, religious, and labor sectors, are attempting to overthrow the South Korean establishments. The problem is that despite the conspicuousness of their activities, the general public does not take them seriously.

4. Our Stance Toward the Internal Enemy

The enemy we must be on our guard against most is not the direct, visible enemy but the internal enemies who undermine the Republic of Korea through their invisible activities. The number of the Chusapa and other pro-North Korean leftists is small, but we should not slacken our guard but take the lead in exposing them, by learning from the historical lessons provided by the fall of South Vietnam and the [Bolshevik] success in establishing communism in Russia.

IV. Changing Military Situation and ROK Security

B. Objectives of Education/Points of Emphasis

Since the signing of the 1994 Geneva agreement [between the United States and North Korea], there has been a post-Cold War atmosphere in the political and diplomatic arenas, as indicated by the moves to improve North Korea-U.S. and North Korea-Japan relations and the increasing exchanges between the ROK and China and between the ROK and Russia. On the other hand, the arms race between Japan and China, among others, has intensified, foreshadowing change in the security structure involving the neighboring Big Four.

B. Gist of Content

1. Strategic Environment of the Korean Peninsula

As symbolized by the U.S.-Russian joint military exercise (September 1994), the post-Cold War international relations are taking on the duality of rapprochement and rivalry, disarmament and arms buildup. Under these circumstances, the situation in Northeast Asia is fluid and uncertain, reflecting the characteristics of a transitional period.

The United States, which emerged as the strongest power on earth in the wake of the collapse of the Soviet Union, has taken upon itself the role of a trouble-solving broker under its "win win" strategy—the strategy aimed at winning simultaneous victories should there be wars in the Middle East and on the Korean peninsula, the two most dangerous powder kegs in the world, while boasting of its awesome war potential backed up by its high-tech weaponry, enormous airlift capability, early warning system, etc. However, it deems it inevitable that the United States will downgrade its role because of the mounting fiscal and trade deficits.

Russia, which still maintains a 2.3-million-strong army equipped with high-tech armament, is the world's major military power second only to the United States. However, it has recently been making a feverish effort to sell high-tech weapons to foreign countries in an attempt to overcome its economic difficulties, thereby becoming a factor to be reckoned with in the arms race in Asia. The Russian Government is showing a strong intention to play a role commensurable to its military power in the international community.

China maintains 100 divisions with a total troop strength of 3 million—the largest number of men under arms in the world. It is not only pushing forward a military modernization program but also accelerating to its armament program, including the development of tactical nuclear weapons.

Japan is seeking the status of a major military power by expending the second largest military expenditures in the world, second only to the defense outlays of the United States. It is strongly insisting upon taking part in world politics in a scope commensurable with its economic power.

The new world order in itself acts as the worst security factor for North Korea, and the North Korean regime is on the brink of collapse. In an attempt to escape from this predicament, North Korea is resorting to brinkmanship as indicated by its nuclear weapon development program, thus aggravating the crisis on the Korean peninsula.

2. ROK Security Tasks

Compared with the Cold War era, the ROK is in a far more complex strategic situation. The support from the United States is not the same as before, and the ROK is under the dual burden of having to counter incessant challenges from the North while coping with the arms buildup by China and Japan at the same time. Particularly, since the signing of the U.S.-North Korea Geneva agreement, there has been an increasing tendency to internationalize the Korean problem.

Therefore, while steadily consolidating the ROK-U.S. allied defense system, we need to seek security through arrangements for economic and diplomatic cooperation with our neighbors, and on the other hand, establish an independent national defense posture in order to minimize the security vacuum that might be created by a possible reduction of U.S. Forces and secure an independent means of deterrence.

3. Maintaining the Posture of Preparedness

The historical lesson we learned from the fact that when we were weak, our country became a battleground for big powers, is that a strong defense capability alone can prevent war and guarantee peace.

Therefore, we must be prepared all the time even though we may never have to use our Army, not even once, for 100 years to come.

IV. Conclusion

It is impossible to expect everyone to have the same view of "national security." An effort to find a common denominator for different views of national security may be said to be the purpose of education in national security. In compiling the teaching materials for 1995 education in national security, efforts have been made to have the students make an objective assessment of the security situation on the Korean peninsula where the Cold War still lingers and see through the menaces posed by North Korea while enhancing their vigilance against the moves of our neighboring countries, particularly those of China and Japan, to become major military powers. At the same time, efforts have been made to arouse the students' vigilance against the internal enemies entrenched in our society and inspire in them a determination to expose these enemies.

On account of the mandatory subject matters for education in security and the limited availability of teaching materials, some part of the course may be somewhat tedious and stiff. The attitude of reservists toward their training courses is a perennial subject of discussion. But it is believed that the intended objectives of education will be attained if the teaching officers and instructors who actually perform the classes supplement the manual with appropriate teaching aids and give extra instructions in their spare time to explain the importance of the reserve force and inspire the students with a heightened sense of mission.

Burma

SLORC Officials Receive U.S. Congressman

BK2905142095 Rangoon Radio Myanmar in Burmese 1330 GMT 29 May 95

[FBIS Translated Text] U.S. Congressman Mr. Bill Richardson paid a courtesy call on Vice Admiral Maung Maung Khin, member of the State Law and Order Restoration Council [SLORC] of the Union of Myanmar [Burma] and deputy prime minister, at the latter's office at 1500 this afternoon. During the meeting, cordial and frank talks were held on improving friendly bilateral relations and economic cooperation.

Meanwhile, SLORC Secretary-1 Lieutenant General Khin Nyunt received visiting U.S. Congressman Mr. Bill Richardson and party at the Defense Ministry's Dagon House at 0900 this morning.

Khin Nyunt Discusses SLORC Objectives

BK2805150395 Rangoon TV Myanmar Network in Burmese 1330 GMT 27 May 95

[FBIS Translated Excerpt] The closing ceremony for Special Refresher Course No. 16 for basic education school teachers, conducted at the Central Institute of Civil Service, was held at the institute's training center in Hlegu Township at 0920 today. Lieutenant General Khin Nyunt, chairman of the Myanmar [Burma] Education Committee and secretary-1 of the State Law and Order Restoration Council [SLORC], attended the ceremony and delivered an address. [passage omitted]

In his address, Lt. Gen. Khin Nyunt said everyone knows the SLORC is striving to ensure the prevalence of law, order, and tranquility and the development of the nation's economy to make the country a peaceful, prosperous, developed, progressive, and modern nation. In the spiritual aspect, the SLORC is working with the objective of making the people healthy, strong, and happy; upgrading morality and discipline among the national populace; and preserving our culture and traditions.

He said: Almost all of the armed groups in the jungle that emerged following independence have returned to the legal fold because the SLORC has worked for national unity with a clean heart and genuine goodwill. Now they have joined hands with the state government and are implementing the union development programs. The national armed groups that have joined hands with the state government are holding discussions and coordinating with other nationals at the National Convention on a firm and stable future for the state, and with representatives of various strata in the country on the emergence of a new state constitution, which is a national duty.

He stated: Everyone knows that the National Convention has successfully laid down the necessary basic principles to prescribe self-administered zones for the respective national races. National solidarity is like a lifeline — an aorta — to perpetuate national independence and national sovereignty in our union of many national races.

Even today you can see some external forces using various methods to incite the armed groups in the jungle that have ignored the state's genuine goodwill and its offer to return to the legal fold. You can see that these few groups hold a narrow racial view to comply with the wishes of these instigators and are lackeys who want to import the Western political system into the country. Moreover, some countries with ill will toward Myanmar and their lackeys — broadcasting stations, so-called nongovernmental organizations [NGO's] or goodwill organizations that are under the influence of external forces, and political opportunists who seek personal gain by using Myanmar as a political stage — are also creating trumped-up stories.

It is obvious that Myanmar always adheres to and observes the Five Principles of Peaceful Coexistence. This is why Myanmar stands and deals with respect in the international community and also deals cordially with all neighboring countries. You can see that during the SLORC era, the SLORC has increased cooperation with all neighboring countries. Boundary demarcation and the joint inspection of existing boundaries has been carried out. To avoid unnecessary problems between people in the border areas, the SLORC is supporting bilateral cooperation with all neighboring countries with which we share a common border and is coordinating at the state, department head, and regional levels. [passage omitted]

He continued: The mutual goodwill visits by heads of states and state officials have resulted in the establishment of friendly relations and support regional peace and stability, mutually beneficial cooperation, and development programs.

Because of the Theravada Buddhist teaching, Myanmar always strives to be a good friend when dealing other countries. In accordance with religious teaching: Do not let wet hands dry. Myanmar tolerates and forgives; it maintains friendly relations even when some countries treat Myanmar in an unfriendly manner. At present, some foreign broadcasting stations and foreign newspapers that always seek to destroy Myanmar's interests are airing and writing trumped-up reports alleging that Myanmar is invading and insulting one of its neighbors with hostility. Moreover, they are also airing and writing false reports about factional clashes within an armed group that is waging an armed struggle against Myanmar and has been accepted in the neighboring country. The reports allegedly state that Myanmar started these clashes and it is responsible for them.

I will give you an example of how Myanmar has acted like a good neighbor. In March 1995, Khun Sa's opium smuggling group gathered in the country on the other side to enter Myanmar. They attacked, burned, and destroyed Tachilek. When the Myanmar security forces attacked the terrorists, many of the terrorists were wounded and retreated to the other country. The authorities in that country not only sent the wounded members of Khun Sa's opium smuggling group to the hospital for treatment, they ignored the Myanmar authorities' request to hand over the terrorists who burned and destroyed a Myanmar town. The terrorists were law breakers, but they let the terrorists go free. Even during this incident, the Myanmar Government did not strongly demand explanations or protest. Instead, it maintained a friendly bilateral relationship to avoid conflict between the neighbors. I would say the country on the other side did not have a neighborly attitude like Myanmar.

Here is another example. Not long ago, there were clashes between the KNU [Karen National Union] Karen rebel group and the DKBO [Democratic Karen Buddhist Organization] armed group that split from the KNU. This happened when the DKBO members went to collect their family members from the so-called refugee camps — the KNU rebel camps — in the country on the other side. In connection with these clashes between the armed groups in the jungle, the so-called NGO's in the country on the other side supported the rebels; broadcasting stations trumped up anti-Myanmar reports; and so-called journalists raised their voices, wrote false reports, and unfairly accused Myanmar by saying that the Myanmar Defense Services invaded and attacked the country on the other side. You will remember that these broadcasting stations cooked up false reports and instigated the destructive elements to turn the antigovernment movement toward violence before the uprising in Myanmar [in 1988]. Now these broadcasting stations and newspapers are producing instigative reports alleging that the Myanmar Defense Services invaded the country on the other side and the armed forces in the country on the other side tolerated this without complaint. You can see that it did not turn out the way they wanted. These provocative reports may fool people with a low intellect but not the military chiefs of both countries, who understand the spirit of comradeship.

If we look at the situation in the country on the other side, you can conclude that whenever there is political instability in that country the politicians always create a border problem to divert the attention of their people. You can see that they blamed their armed forces and accused the Myanmar Defense Services in order to divert their people's attention during the dissolution of the parliament, which stemmed from political instability in that country. Because of the friendship and understanding between the armed forces of both countries, there were no serious problems. These are politicians' tricks and political ploys.

Myanmar, in accordance with its dictums — Shorten Enmity and Extend Amity and Avoid Breaching Morality When Others Do — will resolve the problems with patience like a good neighbor, just like true friends resolve their problems. We will never accept extreme infringements on Myanmar's sovereignty, though. I am telling you this to explain the attempt to destroy our country's interests by the destructive elements, broadcasting stations, and antigovernment terrorists who have ill wishes for Myanmar's interests as well as the politicians in the country on the other side.

He said: Teachers must understand this situation and continue to explain it clearly to students. [passage omitted]

It has been learned that Lt. Gen. Khin Nyunt left the Central Institute of Civil Service at 1115.

Cambodia

Cabinet Agrees on ASEAN, Pharmaceutical Bill

BK2705150395 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 27 May 95 p 2

["Press communique" issued by the office of the government's spokesman in Phnom Penh on 25 May]

[FBIS Translated Text] The Council of Ministers cabinet held a plenary meeting at the office of the Council of Ministers at 0830 on 24 May under the chairmanship of Samdech Hun Sen, second prime minister of the Royal Government of Cambodia [RGC]. The meeting 1) examined the legislative procedures and measures that the RGC must follow as an observer of ASEAN; and 2) examined and passed a bill on pharmaceutical control.

After the cabinet members discussed and exchanged views, the meeting decided in principle on the following:

I. The question about the RGC's application for the status of observer of the Association of Southeast Asian Nations or ASEAN:

To promote the implementation of the RGC's decision to become an ASEAN member, the cabinet adopted legislative procedures that have been followed and continue to be followed so that it will become an observer and later a full member of ASEAN.

The cabinet unanimously agreed on and forwarded these legislative procedures to the National Assembly for ratification and permission for execution with the above objective and in order to satisfy all the conditions set by ASEAN.

II. The bill on pharmaceutical control:

The cabinet agreed on the general provisions of this bill after changing and smoothening some wordings and legislative procedures. The cabinet agreed with this bill, which covers all pharmaceutical activities throughout the Kingdom of Cambodia.

Any person with the following qualifications is allowed to deal in pharmaceuticals:

He has Cambodian nationality; has a pharmacist diploma recognized by the Health Ministry; has never been convicted of any criminal offense; and is healthy enough to work.

The cabinet also agreed on the chapters and articles concerning the production, transaction, import, and export of pharmaceuticals and advertisements to be defined by the Health Ministry, particularly the production, transaction, import, and export of veterinary pharmaceuticals, which shall be jointly defined by the Health Ministry and the Ministry of Agriculture, Forestry, Wildlife, and Fisheries.

The cabinet also agreed in principle on the chapter describing the penalties imposed in the bill. This include the fine and moratorium on production and transaction activities to be enforced by the Health Ministry on anyone who distributes pharmaceuticals without a license from the Health Ministry; violates the regulations on production, transaction, import, and export of pharmaceuticals; opens or has the premises of the drugstore or pharmaceutical import- export company moved without permission; produces, imports, exports, or stores illegal pharmaceuticals or pharmaceutical raw materials; and sells uncertified or unregistered pharmaceuticals or those banned by the Health Ministry. Moreover, illegally-produced pharmaceuticals, raw materials, and equipment shall be impounded and the decision to impound falls under the authority of the courts.

The bill also prescribes as punishment one month to one year in prison, or 5 million to 10 million riel in fines, or both, for anyone who challenges the authority of the Health Ministry inspectors.

The bill also prescribes five to ten years imprisonment or 20 million riel to 50 million riel in fines, or both, for anyone who intentionally deals in or produces fake pharmaceuticals or narcotics banned by the Health Ministry. At the same time, the session additionally introduces penalties to be imposed on any official or civil servant who abets the violator or who fails to perform his duty. He shall receive the same punishment as the offender.

The cabinet ended its meeting at 1415 in a spirit of unity and responsibility.

Reform Urged in Army Structure, Procedures

BK2905114695 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 28 May 95 pp 1, 2

["This Issue's Comment" column by Peyatro]

[FBIS Translated Text] The Khmer Royal Armed Forces have scored successive victories and maintained the prestige of the Royal Government after the various forces were combined. However, they have many weaknesses.

What should be recognized is that commanders have not discharged their duties appropriately. Some are a bad influence on officers and troops, and have even created a complicated situation in the unit and in society.

Alarm should be immediately raised about the administration of the number of troops in the various units, as there are still many cases of "phantom soldiers". This affects battles, and squanders materiel and the national budget.

Some units have recruited untrained troops to replace phantom soldiers. The deployment of troops in some areas is not yet adequate and the result is low combat capability. This seriously affects the consolidation and building of units.

Reforms are being carried out in 1995. This is aimed at building an army which has the appropriate number of troops in the various units. Also, the reforms are aimed at making the army clearly organized and effective in fighting and sweeping up rebels, therefore ensuring territorial sovereignty, the protection of the people, and the resolute defense of the constitution and the legitimate government.

What is most important is the constant intensification of training to raise standards, both at schools and in the units. In particular, strict inspections of the number of troops in the various units should be done, and the phenomenon of phantom troops completely rooted out. Units that do not have enough troops should be filled up.

Reforms should also be made to administrative procedures and the allocation of materiel and budget. This can be done by using every means to provide reasonable living standards to soldiers, in a timely and direct manner. The salaries of soldiers must not be used for personal expenses.

...These are the weaknesses of commanders at all levels. If they are not quickly rectified... defeat!

Khmer Rouge 29 May 'Cabinet' Meeting Cited

BK2905142195 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 28 May 95

["Press communique" issued by the Secretariat of the Provisional Government of National Union and National Salvation cabinet on 29 May; place not given]

[FBIS Translated Text] On Monday 29 May 1995, the cabinet of the Provisional Government of National Union and National Salvation [PGNUNS] met in a plenary session under the chairmanship of His Excellency Khieu Samphan, prime minister and minister of the National Army.

After a detailed and meticulous discussion of all aspects of the national and social crises with a lofty sense of responsibility for the destiny of the Cambodian nation, people, and race, the cabinet clearly realized the following situation:

I. National situation. This is serious and deteriorating because:

1. The war of the communist Vietnamese aggressors since 1978 is still raging and burning Cambodia;

2. The communist Vietnamese aggressors' continued occupation of Cambodia, annexation of tens of thousands of square kilometers of Cambodian territory, sea, and islands, and in particular because of over 4 million Vietnamese flowing into Cambodia to plunder and take over water, land, rice fields, forest, rivers, lakes, fish, and property of the nation and the people.

3. Because national reconciliation and national union, which are the profound aspirations of our entire Cambodian nation and people, have been opposed and destroyed by the communist Vietnamese, the villainous alliance, and the two-headed government.

II. Social situation. This is in complete darkness. The people have lost land, rice fields, and everything they need to earn a living. Increasing numbers of people are starving to death. There is corruption, theft, and plunder of the nation and the people. There are all kinds of social vices. There is repression, arrest, imprisonment, summary executions, lawlessness, and anarchy. Everything is decided by guns.

In such a grave situation communist Vietnam and its puppets are practising monopolization, dictatorship, and fascism in every sector. The administration, two-headed in its form, is in fact the administration of communist Vietnam fully and completely in the hands of the communist Vietnamese, the Communist Party of Vietnam, and Vietnam's puppets. All levels of administration, in villages, communes, districts, and provinces, and in Phnom Penh, belong exclusively to communist Vietnam's puppets and the CPV. The Assemby also exclusively belongs to communist Vietnam's puppets and the CPV. Judicial power is also the monopoly of the communist Vietnam's puppets and the CPV. Troops also exclusively belong to communist Vietnam's puppets and the CPV, and so do the police.

All these state authorities are the instruments of the party of the communist Vietnamese aggressors to kill the Cambodian nation and people since 1979, and it is nearly 17 years since. The killing goes on in a fascist manner. These are the tools of the communist Vietnamese party waging war against nationalist Cambodians and the Cambodian people so that communist Vietnam has an opportunity to annex Cambodia, exterminate the Cambodian race, and transform Cambodia into a second Kampuchea Kraom [former Cambodian territory now part of southern Vietnam].

The traitorous two-headed government, communist Vietnam, and the alliance are being repeatedly beaten. They were defeated in the first year, and more seriously in the second year. They are being beaten and drained white in all sectors. They are disintegrating. Communist Vietnam, its puppets, and the two-headed government are becoming more dictatorial and fascist in every field, in rural areas and in Phnom Penh.

Our nation and people, personalities, and the masses have simply asked for national reconciliation and an end to the war in order to have peace and to pool forces to resolve national and social problems. Yet communist Vietnam, its puppets, and the two-headed government have used their fascist authority to discard, repress, arrest, and execute them most barbarically and cruelly.

However, our nation and people will not remain idle and let themselves be killed at will. Our nation and people are rising up and resolutely struggling to fight back in order to save the nation and to safeguard Cambodia as an independent nation with national union and its territorial sovereignty.

III. The cabinet affirmed the stance of the PGNUNS, namely to stand firmly and resolutely with the nation and people in all circumstances and at all times; to combine forces with the nation and people to fight back; to wage a guerrilla and people's war; and to struggle in every sector, on the battlefields in rural areas and cities, in order to quickly end the two-headed government, achieve national reconciliation, and quickly end the war.

The efforts of the PGNUNS are to achieve the political goal officially and solemnly announced by the government on 10 July 1994, namely:

1. To reconcile and unite the nation and to have forces from all political tendencies regardless of their past. This is in order to have enough national forces to work together toward solving the worsening national and social issues.

2. To rally and pool all national forces in order to have strength to end the communist Vietnamese aggressors' war which is raging to this day, and also to solve the issue of 4 million Vietnamese, which is an imminent danger to the survival of our Cambodian nation, people, and race.

Monday, 29 May 1995

The Secretariat of the PGNUNS Cabinet

Problems in National Banking System Highlighted

BK2605121395 Hong Kong FAR EASTERN ECONOMIC REVIEW in English 1 Jun 95 p 72

[Article by Nate Thayer in Phnom Penh]

[FBIS Transcribed Text] Cambodia has a lot of banks for a small country — too many for comfort, say financial authorities. Some of the 30 licensed banks are simply incompetent and inefficient, but Cambodia's regulators worry that others spend more time laundering money than lending it.

Given the feebleness of Cambodia's legal system, as well as its emergence as a major heroin trans-shipment route in recent years, the emergence of a dodgy banking system isn't a big surprise.

The wonder is that regulators — under pressure from the International Monetary Fund and international donors — say they are going to get serious about housecleaning. That should help the country's underdeveloped financial sector by ensuring that at least minimal capital standards are met.

The IMF has clout, since about four-fifths of Cambodia's budget depends on its approval. It also has full-time paid consultants who work in the central bank, as has France's central bank, which has seconded two officials to its Cambodian counterpart. The need for foreign assistance provides political leverage for reformers in the Cambodian government.

The first sign of change came on May 6, when the government seized the assets and withdrew the licence of the Credit Bank of Cambodia controlled by an alleged money launderer now under indictment in Canada — for failing to comply with minimum capital requirements after suffering losses from trading U.S. futures.

Senior government officials say the crackdown is just the beginning of a shake-up in the banking and financial services sector that may uncover additional banking irregularities, as well as official corruption and money laundering.

The lack of banking and commercial laws has seriously hindered financial development in Cambodia. Many of the country's banks were issued licences during the unregulated and chaotic period before United Nations-sponsored elections in May 1993.

Since then, a lack of legal safeguards has restricted traditional banking activities. Indeed, a main business line at most banks is simply transferring foreign currency into and out of Cambodia. There's little in the way of local-currency lending or deposits. Many banks speculate in foreign exchange and metals markets.

Under pressure from the IMF, the central bank has ordered an audit of all banks. It has also promised to sell its holdings in commercial banks. That would end a communist-era holdover which sees the central bank acting as both regulator and regulated. Reformers also aim to strengthen the central bank's supervisory functions, promulgate new banking laws and carry out further currency reform.

"Our policy is to reinstate the value of a bank in Cambodia," says Tioulong Saumura, the central bank's deputy governor. "Some of them would not deserve status as a bank by international standards." Saumura is the wife of former Finance Minister Sam Rangsi, who was sacked in a cabinet reshuffle last October.

The government closed CBC after its reserve fell below the 10 billion riels ($5 million) required for a bank licence. Officials have also accused it of other irregularities, including a failure to report assets and liabilities and appoint an auditor.

CBC's financial problems became public after Canadian authorities froze the assets of Leng Ki Lech, a Cambodian-born Canadian citizen who owns a 20 percent stake in the bank. Marleau Lemire, a Canadian securities house, says CBC owes it $1.5 million after the bank failed to meet a margin call on the Chicago futures market in March. According to court documents, Lech was indicted last October on two counts of money laundering in Canada, and is awaiting trial.

But the irregularities don't stop there. According to legal and banking sources in Phnom Penh, central-bank

Governor Thao Pengleat gave CBC a $3 million loan in May 1994 so that it could meet its reserve requirement. Leat hasn't returned phone calls from the REVIEW.

According to the sources, Leat also allowed CBC to choose its own liquidator. "It is unheard of for the head of a central bank to allow a bank being closed to choose its own liquidator," says a Phnom Penh-based foreign lawyer familiar with the closure.

Such allegations come as little surprise to those doing business in Phnom Penh. The central bank owns shares in five of the country's commercial banks. And at least two senior officials at the central bank sit on the banks' boards. The central bank also wholly owns two other banks.

"It is clearly a conflict of interest for the National Bank to supervise and regulate banks that we have a share in," says Deputy Governor Saumura. "The IMF has consistently asked us to withdraw from those banks and sell our stakes."

One of the biggest problems is that some of the banks have virtually no customers, deposits or loan portfolios. Indeed, 98 percent of all business conducted by the banks is in Thai baht and U.S. dollars, the bulk of which is transferred offshore in the form of loans or deposits.

One foreign-bank branch in Phnom Penh, for instance, has sent more than 90 pe???d?>d??s deposits to its affiliate bank overseas. "They have made no loans, they have very small deposits," says Saumura.

As a result of these sorts of practices, Cambodian officials complain the banks have had little positive impact on the economy. According to Saumura, banks had brought in a total of 352 billion riels in capital and reserves as of December, while most of the 440 billion riels in interbank lending had been transferred out of the country. This, she and other central-bank and private banking sources agree, shows the banks are contributing virtually nothing to the economy.

Phnom Penh-based bankers say it isn't entirely the fault of the banks, given that there are no mechanisms in place to secure loans. "The laws are non-existent and it is almost impossible for a bank to secure a loan," says a foreign banker.

Central-bank officials say they are confident reform will help weed out illegal banking activities and restore confidence in the nation's banks. The national assembly is expected to approve a new central-bank law in July and a commercial-bank law in September.

Indonesia

Ministry Condemns Killing of Bosnian Minister

BK2905125595 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 29 May 95

[FBIS Translated Text] The Indonesian Government has expressed its condolences over the downing of a helicopter carrying Bosnian Foreign Minister Irfan Ljubijankic and other Bosnian Government officials on 28 May. All the officials were killed.

A Foreign Ministry press statement received by RRI this afternoon says the Indonesian Government condemns the downing of the helicopter in a district near Bihac in northwest Bosnia. This incident will further aggravate the peace efforts of the international community. As such, Indonesia again calls on all conflicting sides in Bosnia-Herzegovina to seek a cease-fire and try to solve the conflict through negotiations.

Government's New Deregulation Package Viewed

Businessman, Economists Comment

BK2705103595 Jakarta REPUBLIKA in Indonesian 26 May 95 p 16

[FBIS Translated Excerpt] Jakarta — The deregulation package announced by the government on 23 May is again drawing attention. Speaking at a seminar on investment opportunities and investment in the Netherlands in Jakarta on Wednesday (24 May), Tanri Abeng, chief executive of the Bakri Brothers Group, said: "I believe that an equitable assessment should be made of the deregulation package announced yesterday."

Tanri based his consideration on the sectors involved in the deregulation package, which mostly reduces import tariffs and surcharges. Unquestionably, this is a worthy endeavor. He believes, however, that if the deregulation package only involves the reduction of tariffs and does not cover the trade system, then the deregulation will be considered inadequate. He said distortions will emerge in the trade sector's economic activities as a result.

He added that if the trade system that covers the monopolistic and oligopolistic market structure is not restructured or improved immediately, it will lead to a high-cost economy. Tanri said: "Therefore, if the tariffs in the deregulation package and trade order are centered on only one sector, the outcome will be identical to the previous situation."

A similar appraisal was made by Drs. [academic title] Edy Suandi Hamid, M.Ec [Master of Economics], an economist. He said the government's announcement of the new deregulation package for the real sector and monopoly and oligopoly practices will definitely prevail only within certain industries.

Speaking to reporters at the Islamic University of Indonesia [UII] in Yogyakarta on Wednesday (24 May), he said: "This opportunity exists because the government had only provided facilities or privileges to certain industrialists."

The former dean of the UII Faculty of Economics gave the example of flour production. The commodity, produced by PT [Private Company] Bogasari, is a good example of a monopolistic or oligopolist industry. Flour produced by the industry is used in the production of instant noodles in Indonesia. Moreover, there is great demand for flour by the people.

Suandi said: "Actually, the instant noodle industry is dominated by the Indofood Company. There is a good opportunity for Indofood to control all instant noodle production in Indonesia. Indofood currently controls the upstream flour industry, which remains unaffected by the new deregulation."

Professor Dr. Sri Edi Swasono, chairman of the Indonesian Cooperatives Council (Dekopin), believes that the public cooperatives sector is not yet covered by the recently announced deregulation package. This sector has not received proper emphasis in the government's economic policy.

As such, he expressed the hope that the government would give due consideration to this sector if it plans to introduce further deregulation in the future. Sri Edi said: "This is necessary to ensure that the orientation of the public economic sector will remain formidable under the government's decision." [passage omitted]

Daily on Public Angle

BK2605135995 Jakarta KOMPAS in Indonesian 26 May 95 p 13

[FBIS Translated Excerpt] A message from the editor states that the new deregulation package announced by the government on 23 May was given a positive welcome by certain sectors, although the benefits of the package have yet to be directly felt. KOMPAS is currently in the process of compiling a round-up of opinions from the various associate and business sectors that are affected by the deregulation package.

Two newspaper consumer associations, namely, the IKAPI (Indonesian Publishers Association) and the SPS (Newspaper Publishers Association) were quite busy in lobbying against the rising prices of newsprint and printing paper. The increase in the prices of the commodity over the last five months (since November 1994) was almost equivalent to the increase over the last nine years — from October 1985 to October 1994.

Besides, the two associations are currently not involved as the mechanism for determining the price. Previously, price determination was undertaken by the paper producers (APKI) [Association of Indonesian Paper Producers] and the consumers. A study on the production cost incorporating the departments of trade, industry information, was conducted in a transparent manner. Sometimes the representative of the state secretary, or the latter himself, was involved in the study.

However, since 1991, the estimates of funds for production and the determination of paper prices were conducted in a discreet and closed manner. The prices, which were then agreed upon, were sometimes high because the decision to fix the prices was taken on a unilateral basis. In connection with such high increases, the APKI and the SPS lobbied for lower prices, as they have done recently. This time, the Golkar's [Functional Party] parliamentary faction set up a paper pricing team and held discussions with the APKI and the SPS as an effort to find a way to stop the paper price increase. The other mass organizations and students also staged protests and hunger strikes showing support for the APKI and the SPS aspiration.

The outcome can be seen from the recent announcement of the new deregulation package last Tuesday. The government complied with the associations' aspiration and reduced the import tariffs on newsprint from the previous 20 percent to only 5 percent while the import tariff on printing paper was totally waived.

However, Rozali Usman, general chairman of the APKI; Fauzi Lubis, general chairman of the Association of Indonesian Graphics Industries (PPGI); and S.L. Batubara, secretary general of the SPS; as well as Ruslah Kasiyanto, spokesman for the SPS, were still dissatisfied. Apart from praising the government's good move in reducing the import tariffs, they considered that it was still "too early" to make any assessment.

Possibility of Increase

They felt that there should be greater transparency regarding the production cost and a guarantee of a continuous supply of paper to meet the demand. Fauzi said: "I hope that this will be a permanent decision and that we should not wait until the time when there is an over-supply in the world market, making the producers request protection because of dumping. The producers do not want only a few of them to benefit."

Meanwhile, Rozali Usman believes that the prices of paper within the country will be controlled given the announcement of the new deregulation package. He said: "However, the general benefits from the new deregulation package have yet to be directly felt by the producers. We still need time for negotiations with the paper importers before any imports can be finalized."

Further, Aan Suhendar, chairman of West Java IKAPI chapter added that the current import is still high compared with the country's paper production. The price of paper in the country — the one commodity that is most used by publishers — could possibly become equivalent to the prices in other countries. Aan said: "The current issue mainly concerns the inadequate supply of paper within the country." As stated by Sujata, director general of chemical industries, in publishing school textbooks, the IKAPI needs a monthly supply of 9,000 tons of newsprint. Actually, the producers, namely, PT Aspex Paper and PT Kertas Leces, have only a monthly production capacity of about 3,000 tons. This indicates that there is a monthly short-supply of 6,000 tons.

Rozali said that was the reason the IKAPI opted to temporarily promote the use of the HVS/HV types of paper. As such, the government has promised a special price for the commodity — possibly by providing a subsidy. He said: "We need to discuss this issue with the government and the APKI."

Unquestionably, the new deregulation package cannot please everyone. As an evidence, Kahar Haryopuspito, the executive director of APKI requested that the paper producers be protected from tariffs should the need arise. Such a step is to prevent the paper prices from increasing further as a result of dumping. He said: "As the tariff has been totally waived, there will be a sudden upsurge in dumping activities within the country. As a result, we will all cease to exist."

"No Tax for Knowledge"

Only one more issue still remains to be settled by the government. The IKAPI and the SPS requested the government to waive the value added taxes in its deregulation package. In Presidential Decree No 2/1990, it was stated that for the value added taxes for books, besides school textbooks and books on religion, the government will only bear such taxes if there were recommendations from the Education and Culture Department and the Religious Department. Rozali said: "The value added taxes must be waived without getting prior recommendations because there are lessons and other things to be learnt even from novels."

The governments of developed countries undertake to be responsible for value added taxes because of the people's high interest in reading. Ruslah Kasiyanto said: "If we want to encourage the reading habit, then the government should subsidize the value added taxes." [passage omitted]

Philippines

Spratlys Talks To Exclude Taiwan, SRV

BK2905022895 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 28 May 95

[FBIS Translated Text] The Philippines will not include Taiwan and Vietnam in the planned talks between claimant countries of the Spratly Islands. The talks will focus on possible business ventures in the disputed islands.

Vietnam and China are currently embroiled in a dispute over their claims of an island, while China and Taiwan are still in conflict in view of the latter's separation from mainland China, which was led by escaping nationalists from China during the mayhem in 1949.

The planned talks are scheduled to finish in the following weeks to ease the worsening tension between claimant countries in the Spratly Islands.

'No Joint Position' From ARF on Spratlys

BK3005033195 Manila BUSINESS WORLD in English 26 May 95 p 12

[FBIS Transcribed Text] Member-nations of the Association of Southeast Asian Nations (ASEAN) who are claiming parts of the Spratly Islands issued no joint position on China despite intensive discussions held during the ASEAN Regional Forum (ARF) in Bandar Seri [as published] Begawan, Brunei.

Foreign Affairs Undersecretary Rodolfo Severino, who headed the Philippine delegation to the ARF, said the ASEAN foreign ministers issued "strong" statements only on behalf of their respective countries.

There is "no need, no intention, no plan" on the part of the ASEAN to confront China as a group, Mr. Severino said, adding that "the ARF is not a negotiating forum."

Specific measures on regional, political and security policies will have to be discussed among the claimant-nations, he said.

All nation claimants agreed to continue existing security policies, step up high-level contacts, and actively participate in the United Nations arms convention.

Mr. Severino said even if the ASEAN is the driving force of the ARF (also participated in by other countries such as the US, Australia and representatives from the European Union), a joint statement might send the wrong signals.

Meanwhile, Mr. Severino admitted that China, "in firm terms," held on to its position. China lays claim on the whole of the Spratly Islands but welcomes joint explorations. China likewise stressed its opposition to the internationalization of the Spratlys issue and would denounce the entry of a third party in the discussions.

The US foreign representative, on his part, expressed serious concern over territorial or marine claims which run contrary to the United Nations Convention on Law of the sea. The US also called on states to respect exclusive economic zones.

During the ARF, Mr. Severino called for a code of behavior among the nation-claimants pending the settlement of the dispute. He said confidence building and preventive diplomacy must be undertaken.

Foreign Secretary on Spratlys, Other Issues

BK2505120795 Manila THE SUNDAY CHRONICLE in English 21 May 95 p 5

["Excerpts" of interview with Foreign Affairs Secretary Domingo L. Siazon, Jr. by CHRONICLE Associate Editor Julius F. Fortuna; place and date not given — passages in italics published in Tagalog]

[FBIS Transcribed Excerpt] [passage omitted] [Fortuna] **Tell us about the Spratlys. After the talks between the Chinese and Undersecretary (Rodolfo) Severino...**

[Siazon] Well, *we are going to talk again because positions change if there are dialogues. That is how it works.* Confidence-building measures *are really needed so that there is understanding. The press, they will write. We do not want misunderstandings.*

(Referring to the request of journalists to visit Spratlys — JF [Julius Fortuna]) Then, we were called to organize, *but we do not have a ship, we also do not have an airplane.* DND (defense department) *said, can we help? But that was not a* military operation.

What is really that Spratly? *Just how many are the islands there? Since there are already six claimants to the area, that is an* international issue. *They told us, stop the press. We responded, we cannot do it.*

[Fortuna] **So, how do you intend to solve the problem of Spratlys?**

[Siazon] *What they want is* joint development. *What they want is — you and I —* bilateral. **They want to talk to Brunei,** then to Taiwan, etc. *After which, you again. Our position is, all of us six should talk. The new ambassador told me,* the solution should be peaceful. *And also,* the Spratlys is a small item in our general relations with China. Our relation with China is normal, except for the Spratlys.

[Fortuna] **Characterize our relations with the United States.**

[Siazon] Back to normal if not better than before. We have very good personal ties with the United States. *There are many Filipinos there.* We have a security arrangement. We have joint exercises. The United States remains our biggest institutional investors again. *There are no* major problems. *Only in* trade, like intellectual property rights.

[Fortuna] **And with Japan?**

[Siazon] Japan is excellent. *They give us a considerable amount in* official development assistance, no comparison. *Japan is very important to us.* One time, I signed a $2 billion assistance to the Philippines from Japan in one month's time. *Also, many Japanese nationals come here.*

[Fortuna] **And ASEAN?**

[Siazon] With the inclusion of Vietnam soon, ASEAN will be strong politically. They are attending the summit this year. ASEAN countries are investing in each other, a good form of integration.

[Fortuna] **With Europe?**

[Siazon] We have an ASEAN-Europe summit. Europe is still a big export partner of the Philippines. We have cultural links with Europe through Spain.

[Fortuna] **What issues do you think will be raised against you in the Commission on Appointments?**

[Siazon] The only comment I've heard is that my wife is a foreigner. My wife has been married to me for the last 31 years and she has shown her loyalty to Filipinos. Well, we had a great foreign minister in our history and his wife was American. As long as we are not at war with Japan, okay. But if Japan and the Philippines become belligerent, I will resign.

[Fortuna] **And on UN issues?**

[Siazon] There are two essential items here. One is that the United Nations can be of help to maintain peace and security if the body is properly managed that it is not used by the big powers. The other is development. You know the UN is the repository of a large group of experts that could be of help to the Philippines.

Siazon: 'No Changes' in Ties With Singapore

BK3005020795 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 29 May 95

[FBIS Translated Text] Foreign Secretary Domingo Siazon has announced that no changes will take place in the relationship between the Philippines and Singapore whatever the result of the third party examination on the remains of Delia Maga. He added that an agreement has already been reached between the leaders of the two countries under which they will endeavor to resolve whatever conflict has ensued over Delia's murder. Siazon believed that the issue cannot be genuinely resolved through a third party's recommendation. Siazon confirmed that the Philippines will immediately reverse its former position on breaking off ties with Singapore if the third party discovers that Singapore findings were correct.

Ramos Urges France To Halt Nuclear Tests

BK2605093495 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0800 GMT 26 May 95

[FBIS Translated Text] President Fidel Ramos has called on France to suspend its nuclear experiments in the Pacific. Ramos said any nuclear test destroys the environment and will not contribute to world security. Ramos challenged France to show its sense of responsibility to the world's situation.

In a related development, newly elected French President Jacques Chirac said his government is studying whether to continue their nuclear tests in the Pacific.

Defense Head: NDF 'Lying' About Captured Rebel

BK2905075395 Manila MANILA STANDARD in English 24 May 95 p 24

[Report by Fel V. Maragay]

[FBIS Transcribed Text] Defense Secretary Renato De Villa charged yesterday that National Democratic Front [NDF] leaders Jose Maria [Joma] Sison and Luis Jalandoni were lying when they claimed that captured communist rebel chieftain Sotero Llamas is a consultant to the NDF in the peace negotiations with the government and therefore should be freed from captivity.

De Villa told Malacanang reporters that Llamas, head of the New People's Army in the Bicol Region, belongs to a communist faction that has broken away from Sison's group.

"He (Llamas) had discarded his affiliation with the group of Joma Sison or the other way around," the defense chief said.

De Villa said that since Llamas has split from or been excluded from Sison's group, it was incredulous to claim that the captured rebel had any part in the peace process.

Llamas was captured by army troops during an encounter in Sorsogon. The Netherlands-based NDF has threatened to boycott the scheduled formal peace talks if Llamas is not released.

Ambassador Howard Dee, head of the government peace panel, argued that Llamas should remain in prison because he is not covered by the safety and immunity guarantees (SIG) that participants in the peace process are entitled to.

Moreover, Dee said that the SIG would take effect only a month before the opening of the formal talks on June 26.

De Villa supported Dee's stand that Llamas should face the murder and other criminal charges filed against him in court.

No Precedent

Secretary De Villa said the government should not bend over backward to release Llamas just as it did when Wilma Tiamzon, former secretary general of the Communist Party of the Philippines, and another communist leader, Popoy Lagman, were freed after they were captured last year.

He said that the Llamas case was "entirely different" from those of Tiamzon and Lagman.

The defense secretary said Tiamzon was released upon the order of President Ramos because "she was a sickly woman" at the time she fell into government hands.

He said the release was made because of "a great humanitarian appeal."

In contrast, De Villa said that Llamas was captured during combat.

"He is very much with the communist movement. He remained in the underground. He participated and had continued to participate in the armed activities against the government," the defense chief said.

De Villa said the government is not intimidated by the threat of Sison and Jalandoni to suspend the peace talks indefinitely "because we are used to them."

He maintained that the peace talks should not be derailed just because of the capture of a rebel leader whom the NDF wants released.

"The point that must be emphasized here is why Sison and Jalandoni insist that Llamas is a consultant of the

NDF negotiating panel. Where did they get that? Did Llamas just arrive from Utrecht?" De Villa said.

De Villa said that at this stage, the government is still hoping that the formal peace talks will proceed on June 26, adding that there was no official notice from NDF for its cancellation.

"If they don't want to meet with the government panel, then there would be no meeting. But we are prepared to meet them," De Villa added.

Thailand

PRC Envoy Comments on Ties, Security, Economy

BK2705140095 Bangkok THE NATION in English 27 May 95 p A5

["Written Reply" by Chinese Ambassador to Thailand Jin Guihua to questions from THE NATION's editor-in-chief Sutthichai Yun; place and date not given]

[FBIS Transcribed Text] **This year marks the 20th anniversary of the founding of diplomatic relations between Thailand and China. What strikes you as the most concrete achievements so far? What are some drawbacks in the relations between the two countries? Are there still unfulfilled dreams?**

The People's Republic of China and the Kingdom of Thailand formally established diplomatic relations on July 1, 1975. In the past 20 years, Sino-Thai relations have achieved satisfactory and all-round development. Thanks to the common efforts by the two sides, there has always been an extensive, close and effective cooperation between China and Thailand in the bilateral fields of politics, economy, trade, parliament, military, science, technology, culture and sports, etc., as well as in international and regional affairs.

It can be said that China and Thailand are at a threshold of a new stage of a comprehensive development of friendly relations and cooperation. Since last year, there has been a new development in the friendly relations of the two countries, and particularly gratifying progress has been scored in our economic and trade relations.

In the early days of the establishment of the diplomatic relations, the Sino-Thai two-way trade volume was only slightly over $10 million, while in 1994, the total trade volume of the two countries topped $2 billion, an increase of 50 per cent over that of last year, setting a historical record. We are satisfied with this achievement, but not content with it. There is still great potentiality to be tapped in the Sino-Thai economic and trade development and both sides still need to make further efforts.

Friendship between China and Thailand goes back to the ancient times. China and Thailand are close neighbours, drinking the water from the same river. There is a traditional friendship of kinsman between the two peoples. Both China and Thailand are developing countries, undertaking a strategic task to develop with great exertion their respective economies and improve the living standards of its people, and confronted with similar opportunity and challenge.

China and Thailand are both peace-loving countries, abiding by the Five Principles of Peaceful Co-existence, opposing hegemonism and power politics in any form, working for the peace, stability and development of the region and the world as a whole. Both countries treasure the hard-won friendship, and sincerely hope that the friendly relations and cooperation will be consolidated and developed steadily. Under the current international and regional situation, the two countries will, hand in hand, cooperate with each other, be supplementary to each other and make use of each other's markets and seek common development.

It is exactly these common points that link tightly our two countries and peoples together. Nurturing and developing the friendship between China and Thailand is not only in conformity with the fundamental interests of the two countries and two peoples, but is also beneficial to the peace, stability and development of the region. I am convinced that while taking the opportunity of celebrating the 20th anniversary of the establishment of the diplomatic relations between China and Thailand, with the common efforts of the two sides, the existing friendly relations between the two countries will surely usher in a new stage.

As the Chinese Ambassador to Thailand, what's your main problem? What takes up most of your time in Bangkok these days?

I am the sixth ambassador of the People's Republic of China to the Kingdom of Thailand. It is a great honour and pleasure for me to be posted as ambassador to such a friendly country as Thailand. Since I came here, I have been accorded warm welcome and hospitality both by various departments of the Thai government as well as by non-government groups. They have kindly provided me with all necessary assistance essential to the fulfillment of my duties, and I am deeply moved by this profound friendship, for which I am deeply grateful.

As the Chinese ambassador to Thailand, the most important mission for me is to further promote the steady development of the friendly relations between China and Thailand, strengthen the close cooperation with Thailand in international and regional affairs, work together for the maintenance of peace, stability and development of the region and the world as a whole. And these things take up most of my time and have become the top priority of my work.

China is still being seen in certain quarters in Southeast Asia as a potential "security threat". Do you think such fears are well-founded?

In my view, such fears are utterly unfounded. Currently, there are indeed some people who, with ulterior motives, spread the rumours of so-called "China's threat" wagging their tongues that China has already become a number-three economic superpower, China would divert its economic strength to "military expansion," China would "fill the vacuum" of the region, etc.

Such allegations are absolutely unfounded and ridiculous. There are always some people in the world, who, reluctant to see China's development, seek to sow discord in the friendly relations between China and its neighbours so as to fish in the troubled waters. China is an important stabilizing factor in this region. China is devoting itself to domestic economic construction, and it needs a long-term peaceful international environment. Externally, China pursues a peaceful foreign policy of independence, insists on developing friendly relations of cooperation with all countries on the basis of the Five Principles of Peaceful Co-existence.

China has always stood for the peaceful settlement of disputes between, or among, various countries through friendly consultations. China did not seek hegemony in the past, nor does it now. And China will not seek hegemony in the future even if its economy has developed. China will not engage in military expansion, and will not seek spheres of influence. Militarily, China pursues a policy of defensive strategy. It will not engage in an arms race, and will not join any military bloc, and will not station a single soldier on foreign soil. China poses no threat to any country. This is a basic state policy, and it will never be changed.

Some increases in China's military expenses is merely meant to offset inflation. The percentage of China's military expenses in the GNP is decreasing yearly, one-six per cent for 1992, one-five per cent for 1993, one-three per cent for 1994 and this year will be only one-two per cent. China's military expenses is roughly about $6 per capita, while the US is $1,100 per capita and Japan is $300. Compared with the two, China's military expenses are virtually out of proportion. Facts have shown that it is utterly without any foundation to regard China as a potential "security threat."

How will the Spratly (Nansha) Islands issue be resolved? How does China intend to solve conflicts of a similar nature with neighbouring countries — over territorial claims in the South China Sea?

China has indisputable sovereignty over the Nansha Islands and its adjacent waters. The Chinese government has always attached importance to developing friendly and good-neighbourly relations with its surrounding countries, consistently stood for the peaceful settlement of international disputes and has opposed the use of threats or force.

With regards to the dispute over the issue of Nansha, the Chinese government has always advocated that it should be solved through bilateral negotiations with parties concerned. Pending the settlement, disputes should be shelved and joint development sought. We hold that this is the only feasible way to the settlement of the Nansha issue.

Will China ever have a multi-party system?

The question of what kind of political system should be adopted in a country should be decided by the conditions of that country. As conditions are different, so will be the political systems. One cannot and should not seek unanimity on this issue. In China, there are all together nine political parties. Among them, the Communist Party of China is the leading party, the others are parties which participate in state affairs. In accordance with China's concrete situation, China has adopted a system of multi-party cooperation and democratic consultation under the leadership of the Chinese Communist Party. Such a system has been in existence for historical reasons and is full of vigor and vitality and is in effective operation. The multi-party system of the West does not suit China's circumstances.

How concerned are you about the overheating of the economy? How serious is the gap between the emerging rich urban people and the poor in the rural areas? In your opinion, is China's economic policy going in the right direction?

In my view, China's economic policy is proceeding in the right direction. China's present policy of economic reform and opening to the outside world has lasted for more than 15 years and its achievements are remarkable.

The average annual growth rate of China's GNP in the past 15 years ranges from eight-nine per cent, and the Chinese people's livelihood has had an unprecedented improvement. The country's economy has entered into a period of rapid development. Facts have shown that this economic policy of the Chinese government is going in the right direction.

China's economy is generally in good shape. There does exist some overheating in some places and in some fields or sectors. However, it cannot be seen overall as overheating. We are doing our best to strengthen the macroeconomic control and carry out economic restructuring. Initial results have been achieved so far thanks to the measures we have taken.

In 1994, we saw a break-through in China's economic reform, a sustained and rapid economic growth, a basic balance in overall supply and demand, a marked improvement in international payments and further improvement in the livelihood of the urban and rural people. China's economic growth rate in 1994 was 11.8 per cent, which is the third consecutive year of sustained high growth since 1992. Also in 1994, the average income of urban residents and the average net income of the rural inhabitants in China increased by 36 per cent and 32 per cent respectively as against those of last year, and the net increase was nearly nine per cent and five per cent respectively after the deduction of the inflation rates.

The over-inflated market price of last year, however, was a prominent problem which the Chinese government will tackle with all its exertions this year.

Due to their better conditions, it is only natural that China's coastal areas have developed faster. Since the reform and opening to the outside world, the average growth rate of the five coastal provinces of Guangdong, Fujian, Jiangsu, Zhejiang and Shandong have reached 15 per cent, while the average growth rate of the five Autonomous Regions of Inner Mongolia, Ningxia, Xinjiang, Tibet and Guangxi in the western part of China reached only 13 per cent. Generally speaking, they all developed quite rapidly, although the growth rate of the coastal areas however is still two per cent higher than the western part of China. To narrow the gap between the coastal regions and the hinterlands, it is imperative to develop transportation. So long as the problem of transportation is solved, the speed of economic development of the western part of China and the hinterlands, which enjoy rich natural resources, can be accelerated.

Therefore, in arranging investment in the sectors of transportation, energy and raw material etc., the Chinese government has deliberately favoured the central and western regions. In addition, measures have been taken to encourage economic and technological cooperation between the coastal regions and hinterlands and between the eastern and western regions.

In the last two years, China has also opened the capital cities of western provinces as well as autonomous regions to the outside world and allowed them to execute some of the policies which have already been adopted by the coastal areas.

As to the disparity of income between individuals, the fundamental measure to solve this problem lies in developing China's economy faster, strengthening its national power and universally improving the people's livelihood. At the same time we shall regulate and control distribution through reform of taxation and gradually perfect the system of social insurance.

Khmer Rouge Attack Kills 10 Cambodians

BK2905025795 Bangkok BANGKOK POST in English 29 May 95 p 1

[FBIS Transcribed Text] Ten Cambodian civilians, two of them children, were killed and 19 wounded in crossfire when a Khmer Rouge force attacked a government position four kilometers southeast of Poipet along Route 5 early yesterday, according to Lt-Col [Lieutenant Colonel] Thim Saret of the Thai-Cambodian Coordination Office.

The 40-strong Khmer Rouge force attacked an operational base of the 12th Division around 0100 a.m.. Fierce fighting lasted about one hour.

The guerrillas withdrew when two T-54 tanks and reinforcements were sent from Ban Nimit on Route 5 by 12th Division commander Maj-Gen [Major General] Ly Vira.

Before withdrawing, the Khmer Rouge set fire to a village, razing 15 houses.

The guerrillas headed for an area opposite Ban Laem Nong Ian on the Thai side of the border, about 15 kilometers southeast of Aranyaprathet town.

Two Cambodian government soldiers were wounded when a land mine exploded while they were pursuing the guerrillas.

The civilians killed were five men, three women, one boy and one girl. Nineteen civilians were wounded, including a Thai identified as Mrs Bang-on Sangbun, 53, of Chanthaburi's Tha Mai District, who visited Poipet on business.

Fifteen of the wounded were admitted to Aranyaprathet Hospital and Surasinghanat Military Hospital in Thailand.

In another incident, a Thai Army officer and an Army-trained ranger were slightly wounded when a mine exploded while they were on patrol along the Thai-Cambodian border near Ban Parai Mai in Aranyaprathet, about 500 meters from the border, yesterday morning.

They were Maj Santhat Chansawang, commander of Ranger Company 1101, and ranger Sanam Thosuwan.

KR Denies Attack

BK3005045695 Bangkok THE NATION in English 30 May 95 p A6

[FBIS Transcribed Text] Khmer Rouge Radio yesterday denied its guerrillas were responsible for the attack on the Cambodian 12th Army Division near Poipet on Sunday in which 10 civilians were killed, saying the guerrilla group would never do anything to endanger the public.

It claimed that the fighting was the work of Cambodian soldiers embroiled in conflicts of interest and accused Phnom Penh troops of trying to implicate the anti-government militia.

Meanwhile, Maj Gen Lai Virak, who commands the Cambodian Army 12th Division, yesterday lashed out at Khmer Rouge guerrillas following the attack.

Maj Gen Lai challenged the guerrillas to meet on the battlefield instead of ambushing the army's forces, which resulted in death and injury to innocent people.

A close aide to the division commander said Lai would pay Bt300,000 to "find" the Thai man who had allegedly supplied information to the guerrillas leading to the attack.

Ten people were killed in the attack and 19 others, including two government soldiers, were wounded. The dead were five men, three women and two children.

WTO Head Visits To Discuss Trade, Investment

Received by Chuan

BK3005151695 Bangkok Radio Thailand Network in Thai 1200 GMT 29 May 95

[FBIS Translated Text] The Director General of the World Trade Organization [WTO] Renato Ruggiero paid a courtesy call on Prime Minister Chuan Likphai at Government House at 1430 today. He was accompanied by Deputy Commerce Minister Chaiyot Sasomsap. The WTO director is paying an official visit to Thailand as guest of Deputy Prime Minister Suphachai Phanitchaphak. Also present at today's meeting were Montri Chenwitkan, the prime minister's deputy secretary general for political affairs; Danai Dulalampha, Thai ambassador and permanent representative to the WTO, and Wisit Mungkandi.

The prime minister welcomed the WTO director general and noted that his visit right after assuming office makes Thailand feel very honored. The prime minister, who sent a congratulatory message to the WTO director on 4 April, once again congratulated him.

The WTO director general thanked the Thai prime minister and government for the warm welcome. He said the WTO is aware of the role and potential of Thailand as one of the countries with the greatest economic dynamism. He commended the Thai Government for supporting the WTO, especially as a leading country lobbying for free markets and trade and services liberalization, as well as its support for various WTO activities. Besides, Thailand's WTO permanent representative has been nominated chairman of the agricultural committee, which is an important post. These are some of the factors that prompted the WTO director general to pick Thailand as one of the first countries to visit.

The WTO director general mentioned issues that the WTO must settle quickly, such as the U.S.-Japanese trade dispute. He believed there are opportunities for settlement. He anticipated other issues that would emerge as a result of the implementation of the agreements of the Uruguay Round of trade talks, the general agreements on financial services, and the transfer of personnel in charge of services.

The WTO director general praised Thailand for its efforts and progress in areas that support the work of the WTO itself. He hoped other developed countries would increase their efforts in these matters. He said the organization is now tackling the issue of membership for the PRC and other countries with unstable political and economic systems. The organization is now preparing for the forthcoming ministerial meeting in Singapore in December 1996. He cited as major topics the problems of trade and the environment, trade and investment, and trade and competition.

The prime minister asked the WTO director general about those problems with great interest. He told the latter that Thailand had supported the WTO's principles of negotiations and free trade from the start, and will continue to give its full support to that cause. Over the past two years, Thailand through its Finance Ministry, tried to improve its international trade mechanism. He noted that the WTO had accorded full attention to those problems as there are different conditions and limitations in each country and each region. The prime minister hoped that with his vast experience and knowledge, the WTO director general would be able to handle problems of a national as well as international nature.

The prime minister stressed that Thailand would fully support free trade and the work of the organization despite its limitations. He said Thailand will try to upgrade itself to international standards.

Meets With Suphachai

BK3005013195 Bangkok Radio Thailand Network in English 0000 GMT 30 May 95

[FBIS Transcribed Text] Thailand has urged the World Trade Organization, WTO, to lay down various trade measures by taking into consideration the existing laws in member countries. Deputy Prime Minister Suphachai Phanitchaphak made the call yesterday when visiting WTO Director General Renato Ruggiero paid him a courtesy call.

The WTO chief had just attended a meeting of the Cairns Group's ministers in the Philippines before proceeding to Thailand.

Mr. Suphachai called on the WTO to see to it the different standards adopted by various countries would not result in trade protectionism in the future. He said Thailand supported China to join the WTO and hoped the WTO could assured China and other Asian countries of its neutrality and discriminatory approach.

Mr. Suphachai expressed his satisfaction over the expansion of the WTO's scope of framework so that it could oversee rules and regulations concerning the private sector competition.

The WTO director general praised Thailand for its leading role in supporting the world trade body as seen from upgrading of the Thai representative to the WTO Secretariat into the ambassadorial level.

Comments on Meetings

BK3005045095 Bangkok THE NATION in English 30 May 95 pp B1, B2

[By Chirawat na Thalang, Wichit Chaitrong, and Surachai Chuphaka]

[FBIS Transcribed Text] Deputy Prime Minister Suphachai Phanitchaphak has sought an assurance from the head of the World Trade Organization that the multilateral agreement on services will include the free movement of professional persons to make sure the upcoming agreement creates a balance of interests between developed and developing countries.

Speaking after meeting with the WTO Director General Renato Ruggiero at Government House yesterday, Suphachai said as the WTO members are expected to conclude the multilateral agreement on trade in services by the end of June, Thailand has urged the head of the WTO to pay attention to other aspects of the service sector such as the movement of professionals, instead of focusing on areas of interest only to industrialized nations which have been pushing through an agreement on financial services.

Ruggiero was on his first overseas trip since he took over as the head of the world trade governing body earlier this month. "It is my first visit out of Geneva since I became the director general of the WTO, and if you see the dynamism in this region, you'll understand why I'm here," Ruggiero said at yesterday's press conference.

He had meetings with Commerce Minister Uthai Phimchaichon, Deputy Prime Minister Suphachai Phanitchaphak and Prime Minister Chuan Likphai during his trip. He said he "had discussed practically all the subjects covered by the multilateral system and agreed that there is a need to implement all the aspects of the agreement."

Uthai said that he asked the WTO chief of staff to monitor the implementation of the farm agreement, which is of particular interest of Thailand.

During the meeting with Suphachai, Suphachai asked Ruggiero to conclude the car dispute between the United States and Japan as soon as possible. He said that the bilateral car dispute is a test case to prove the credibility of WTO.

Moreover, if the WTO can successfully force Japan to open its market for car parts, Thailand, Malaysia and Australia — auto part producing countries — will certainly benefit from the open Japanese market.

Ruggiero had just returned from a meeting of the Cairns Group of farm exporting nations in Manila. He said he and his Thai counterparts paid strong attention to the farm trade commitment and the upcoming agreement on trade in services.

On the financial sector, Deputy Prime Minister Suphachai Phanitchaphak said that he has briefed Ruggiero on Thailand's plan to liberalize financial services, including the implementation of BIBF [Bangkok International Banking Facility], which indicated the country's commitment to lift barriers to foreign businesses.

However, Suphachai said that he told Ruggiero that with the insurance sector, Thailand needs to take a gradual approach. Suphachai said that even now when Thailand imposes certain restrictions against foreign insurers, a foreign insurance company already commands 50 per cent of the life insurance market in Thailand.

Moreover, Suphachai said that he told the head of WTO that the WTO agreement on services should have a wider scope. It should cover not only the financial service agreement but should allow professionals from one country to do their job in any other WTO country.

Ruggiero agreed, saying that the industrialized nations should have to show that there is flexibility in the movement of labour.

Suphachai said that he has sought an assurance from the chief of WTO that a major country would not use a bilateral approach to pressure Thailand to open some particular business sectors.

At the press conference Ruggiero said, "You know that the WTO system also consists of a bilateral approach in a multilateral frame. So the actions of the US are in conformity with WTO rules.

"The last remarks I'll make are that it is in the interests of the industrialized countries to export financial services. But there is also a strong interest in the developing countries to improve their financial services. Next year, the developing countries will be obliged to compete more and more in the capital market to attract good resources and investment. So you need good financial services," he said.

The US earlier said that it would not open up its service sector to any country which fails to lift barriers against US companies. Ruggiero commented, "Well, if the US uses reciprocity, there will be no positive conclusion to the negotiation. And because I do hope that we will have a positive conclusion, I hope that the US will not use reciprocity."

On the linking of social causes such as human rights and environment issues to trade conditions, Ruggiero said that WTO members need to clarify what WTO members really want when linking human rights with trade. "What is the real dimension of this issue? There are discussions taking place at OECD (Organization for Economic Cooperation and Development) and International Labour Organization (ILO) in Geneva on the link of social causes with trade."

Nation To Monitor EU's WTO Farm Trade

BK3005053395 Bangkok THE NATION in English 30 May 95 p B2

[Report by Suphachai Chuphaka]

[FBIS Transcribed Text] Thailand has been assigned by the Cairns Group of farm exporting nations to closely monitor whether the European Union has honoured its farm trade commitment made at the Uruguay Round of multilateral trade talks.

Deputy Prime Minister Suphachai Phanitchaphak said upon his return from the meeting of the Cairns Group of farm exporting nations in Manila last week, that the Cairns Group will also urge the WTO members to negotiate for a further cut in farm subsidies beyond what they committed themselves to at the Uruguay Round of multilateral trade talks.

Danai Duldlampha, the Thai representative to the WTO, spoke on behalf of the Thai participants at the Cairns group meeting, saying the Manila meeting is aimed to implement the broad agreement on farm trade. He added that some WTO members haven't done enough to liberalize the agricultural sector.

Suphachai said that to make the farm trade agreement fully effective, some of the Cairns Group members have been assigned to monitor the situation in some farm importing countries to see whether they have done what they offered the WTO.

Thailand will keep a close watch on the European Union's implementation of subsidy cuts. Suphachai has expressed concern that EU export regulations soon to be introduced might turn out to be an EU excuse, not to cut farm subsidies as requested by the Uruguay Round.

Instead of Jan 1995, the EU will start cutting subsidies from July 1995, reasoning this will coincide with the farming season in Europe. However, the EU recently announced that it would introduce new export subsidy regulations, and Thailand feared that the EU might use the regulations, which are to be announced prior to July, as a reason to go on subsidizing some commodities.

Apart from Thailand, Canada was also assigned to monitor the situation, and the United States, Australia and New Zealand were assigned to keep a close watch on Japan.

Suphachai said that Thailand has also asked the Cairns Group to come up with a common system on how to conduct the fishery industry without harming the environment.

Central Bank Warns of Fall in U.S. Dollar

BK2905035295 Bangkok BUSINESS DAY in English 29 May 95 p 1

[FBIS Transcribed Text] The Bank of Thailand has warned foreign exchange traders to watch the dollar rate, saying any U.S. government decision to cut interest rates would send the dollar down.

As the foreign exchange market closed on Friday, the U.S. dollar rate dropped and closed the week at 24.66 baht, or between 83-84 yen, from 24.75 baht on Thursday and 24.77 baht the day before.

Chaiyawat Wibunsawat, senior assistant governor at the Bank of Thailand, said yesterday that the reason the dollar had dropped 2 percent to 0.11 baht within two days was because the foreign exchange traders were preparing for the U.S. government's announcement of the economic index.

He said investors forecast low percentage economic growth and the U.S. Federal Reserves had to cut domestic interest rates to spur local investments.

Mr Chaiyawat said the fall of the dollar was likely to continue, but would not touch the bottom as it did in March. "The increasing number of foreign exchange traders has a strong impact on the money market, it could indirectly effect the dollar rate," he said. "They are testing the dollar's stability."

Mr Chaiyawat said the dollar would become stronger in the future, and that it should be able to stay at between 85-87 yen, which was the most suitable exchange rate.

Meanwhile, a banker blamed the U.S. government for the fall of the dollar, accusing the authorities of mishandling the case. "The past and present U.S. governments seem satisfied with the free fall of the dollar because they believe it would help them boost trade," said Thiraphong Monthianwichianchai, head of the treasury department and deputy general manager at Deutsche Bank in Bangkok.

He said the U.S. government must realize the down dollar had no impact on the U.S.-Japan trade deficit, but forecast the dollar's exchange rate would stay low until the next presidential election which is due in November, 1996.

Vietnam

Clinton's Praise of MIA Cooperation Noted

BK3005121795 Hanoi Voice of Vietnam in English 1000 GMT 30 May 95

[FBIS Transcribed Text] The United States President, Bill Clinton, has described Vietnam as being very cooperative in solving the missing-in-action or MIA issue. He acknowledged that at present, the United States was receiving more cooperation than ever before from Hanoi.

Visit by U.S. Officials, War Veterans Reported

BK3005070595 Hanoi VNA in English 0614 GMT 30 May 95

[FBIS Transcribed Text] Hanoi VNA May 30 — A delegation of senior officials of Santa Cruz City, California State of America, and Vietnam war's American veterans, who are raising fund for the construction of the 'Vietnam Friendship Village' in Hanoi paid a visit to Vietnam in mid May. They were guests of the Vietnam's War Veteran Association (VWVA) whose president made a tour of the city in May last year.

The delegation worked with VWVA President Sen. Lt. [Senior Lieutenant] General Tran Van Quang on measures to promote the mutual understanding, friendship, and cooperation among war veterans as well as people of the two countries. It was also received by Deputy Foreign Minister Le Mai.

Besides Hanoi, the American guests toured a number of cities including Hue, Da Nang, and Ho Chi Minh City, where they were warmly welcomed by local officials and war veterans.

Army Editorial Accuses U.S. of 'Hypocrisy'

BK2905080995 Hong Kong AFP in English 0734 GMT 29 May 95

[FBIS Transcribed Text] Hanoi, May 29 (AFP) — Vietnam's Army newspaper Monday launched a violent attack against the United States, accusing it of "hypocrisy and meddling" in Hanoi's internal affairs on the pretext of defending human rights.

The QUAN DOI NHAN DAN, in an editorial worthy of the Cold War titled "When one talks of other people, one should first look at oneself," slammed the state of US society.

It condemned what it described as the "60 million poor people and the six million homeless, as well as racial discrimination and the miserable life of children" in the United States.

The paper, whose journalists are soldiers, used the pretext of a demonstration in favour of human rights in Vietnam which was organised in Washington earlier this month, to criticise US policy.

It slammed "numerous human rights violations committed by the United States in the world" during the 20th century.

It gave as examples the two nuclear bombs dropped on Japan in World War II, saying the "right to live is the basic sacred right of everyone."

"The United States began bloody wars in Grenada, Panama, in Korea and particularly in Vietnam, killing millions of people. Do these aggressions and blatent interventions into the sovereignty of other nations constitute 'the respect and defence of human rights?' the article asked.

"The fact that certain elements, whose voices are not heard, are describing violations of human rights in

Vietnam, is an act which is extremely ill-intentioned, the QUAN DOI NHAN DAN added.

"This hypocrisy and treachery, which is a way of rejecting one's responsibility towards others, must be stopped, the editorial added.

Two weeks ago as a US presidential delegation was visiting Vietnam, the Communist Party mouthpiece NHAN DAN published similar diatribes against US human rights policy.

The new attack comes during the visit of a group of US journalists to Vietnam.

The anti-US press campaign appears paradoxical as Hanoi has said it wants to normalise its diplomatic relations with its former foe "as soon as possible."

It could show Hanoi's irritation at the US insistence that normalisation was conditional on full accounting for US soldiers still missing in action since the end of the Vietnam War, as well as its bringing up the question of human rights here.

The US Administration wants the fate of the 2,205 US soldiers still missing in Indochina since the end of the Vietnam War to be determined before full diplomatic links are established, but, Vietnam says the problem is almost resolved.

The press attacks could also be part of a defiant stand by conservatives and nationalists here — notably the Army and the Communist Party — against the gradual rapprochement between Washington and Hanoi, observers here said.

Vietnam has just clashed with Canada, canceling the planned visit here by a Canadian minister, over a monument being built in Ottawa by Vietnamese refugees opposed to Hanoi's communist regime.

Commentary Urges U.S. To Normalize Relations

BK3005104895 Hanoi Voice of Vietnam in English 1000 GMT 30 May 95

[Station commentary]

[FBIS Transcribed Text] The world will see that full normalization between Vietnam and United States is only a matter of time. The Thailand newspaper THE NATION has recently ran a story about it written by Kulachapa Chatphet on this issue. Here is our radio editor's opinion:

The United States imposed embargo on Vietnam ended in failure. Washington's efforts to prevent Vietnam from receiving international aid were also defeated. Many Western countries, despite the United States' sanction, kept trade relations with Vietnam and assisted Vietnam. Now Vietnam enjoys good relations with the World Bank, the International Monetary Fund, and the Asian Development Bank. Vietnam also indirectly receives development aid through the Mekong Committee as Vietnam is an important member in the Sub-Mekong Basin Community. The committee has captured great interests from Japan and other Asian countries.

Meanwhile, public opinions in United States continue to call at Clinton's administration to quickly normalize relations with Vietnam. The Republican Senator John McCain, a pioneer in the campaign for normalization, said that the United States could not continue to isolate Vietnam. He said that Vietnam was enjoying multirelations with the rest of the world. The United States should help in its economic development. Normalization will help create conditions for American companies to compete in a fast developing region.

Vietnam wants to be friends with all countries and looks forward to the future and tries to normalize relations with United States for the mutual benefit of Vietnamese and American people. It is time for the United States to do the same.

Do Muoi Meets U.S. Newspaper Group

BK2905055095 Hanoi VNA in English 0534 GMT 29 May 95

[FBIS Transcribed Text] Hanoi VNA May 28 — Party General Secretary Do Muoi received here this afternoon a 20-member delegation of the US Association of Newspapers' Editors led by its President William Bernard Ketter on a visit to Vietnam from May 26.

At the reception, Mr. B. Ketter said that the purpose of his delegation's visit is to inquire into Vietnam's cultural tradition, journalism activities and the current renovation process in the socio-economic field.

Mr. Ketter expressed his wish for the success of the Vietnamese people's national construction cause and the further development and maintenance of the friendship between the two peoples.

Speaking to his guests, General Secretary Do Muoi hailed the delegation's visit as a friendship one which would contribute to strengthening mutual understanding between journalists and peoples of the two countries, and to peace and stability in the region and the world as a whole.

The Vietnamese party leader spoke about Vietnam's reform and open-door foreign policies, and laid stress on the Vietnamese people's earnest aspiration to live in peace and stability to build their country.

He affirmed that Vietnam wishes together with the US to close the past, early normalize their relations and promote their friendship and multi-faceted cooperation on the basis of equality, mutual respect and benefits.

The US guests met with VIETNAM NEWS AGENCY, the State Committee for Cooperation and Investment, the Ministries of Education and Commerce and the Vietnam Tourism Administration and called at some economic establishments in Hanoi.

Vo Van Kiet's European Tour Previewed

NHAN DAN Views Tour

BK2805144495 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 27 May 95

[Editorial from 28 May NHAN DAN: "A New Step of Development in the Friendly and Cooperative Ties Between Vietnam and the North European Countries and Luxembourg."]

[FBIS Translated Text] Though thousands of miles apart, Vietnam and the north European countries and Luxembourg have maintained close friendship for a long time now. The establishment of diplomatic ties between Vietnam and these countries dates back to the very time when our people were carrying out the national salvation struggle. Sweden established diplomatic ties with Vietnam in 1969, Denmark and Norway in 1971, Finland in 1972, and Luxembourg in 1973. The northern European countries supported our people's struggle for independence and freedom in the past. Many of our people still remember the seething demonstrations staged by the northern European peoples in support of Vietnam.

Following the complete liberation of our country, these states have supported and assisted our people's economic recovery and development. The northern European countries have a total population of only 24 million. Yet, over the past 20 years, these countries have provided Vietnam with nonrefundable aid totalling as much as $1.8 billion. Sweden has a population of only 8.6 million but has provided us with $1.4 billion in aid. To date, many important projects and aid programs have yielded fine results. As examples, we can cite Olaf Palmer Children's Hospital in Hanoi and the Bai Bang paper mill funded by Sweden, the Hoang Thach cement plant funded by Denmark, the project to upgrade the water supply systems in Hanoi and Haiphong and the Pha Rung ocean-going vessel repair plant funded by Finland, the marine products processing project and a refrigeration plant funded by Norway, and so forth. The northern European states and Luxembourg have committed to continue their aid, while some have even decided to write off our debts.

The cooperative ties between Vietnam and the northern European states and Luxembourg have developed well. In recent years, a series of exchanges of visits by officials at different levels and of different sectors have been organized, thus contributing to further promoting our friendship and mutual understanding. The northern European states and Luxembourg welcomed and highly valued the initial achievements of Vietnam's renovation undertaking. They expressed the desire to further strengthen and broaden their cooperative ties, especially in economic and trade cooperation. They knew that there were great prospects for economic and trade cooperation, but no adequate efforts have been made to fully exploit them. The two-way trade index between Vietnam and the northern European states and Luxembourg as well as the investment capital from these countries in Vietnam still remain modest.

The north European states and Luxembourg are industrialized countries, and where high technology has made its presence felt in different economic sectors. The living standards are the highest in the world. These countries have many socioeconomic management experiences. In recent talks, these countries expressed their willingness to cooperate with, transfer technology to, and share their experiences with Vietnam. They all expressed the desire to promote long-lasting relations with Vietnam on the basis of equality and mutual benefit and through vigorous efforts to promote trade, cooperation, and investment in knitware, energy, communications and transport, marine products, tourism, banking, and other sectors.

Against such a backdrop, this visit by Prime Minister Vo Van Kiet is of great significance and draws the interest of our friends in northern Europe and Luxembourg. On this occasion, we sincerely thank the governments and peoples of northern Europe and Luxembourg for their unselfish, sincere, and valuable support and assistance to our people. We are convinced that Prime Minister Vo Van Kiet's visit will be crowned with success and contribute to taking the friendly and cooperative ties between Vietnam and the northern European states and Luxembourg to a new step of development in the interests of each country.

Radio Editor 'Highlights' Tour

BK2905141495 Hanoi Voice of Vietnam in English 1000 GMT 29 May 95

[FBIS Transcribed Text] Vietnamese Prime Minister Vo Van Kiet left Hanoi on Sunday for a visit to five countries in Europe. They are Luxembourg, Denmark, Norway, Finland, and Sweden. He is accompanied by 13 key government officials and 16 business people representing top economic sectors in Vietnam. The delegation is now in Luxembourg on its first leg. Our editor highlights the trip:

Sweden, Finland, Denmark, and Norway all have a high level of socioeconomic development and have established good relations with Vietnam. Sweden was one of the first Western countries to recognize and establish diplomatic relations with Vietnam. Since the 1960's, the Swede Government has given Vietnam valuable support and assistance in many fields. In the FY 1994-95, Sweden's total aid to Vietnam amounts to $1.4 billion [figure as heard].

Vietnamese people, particularly Hanoi people, have long been familiar with the land of Finland through its water draining and supply projects. When an economic blockage was imposed upon Vietnam, Finland was one of only two Western countries that continued to provide Vietnam with aid. The funds were used for two water draining and supply projects and the restoration of the Pha Rung Shipbuilding and Repair Yard in northeastern Vietnam. In recent years, although Finland has been faced with economic difficulties and it has to cut down on foreign aid, Vietnam still remains on the list of 10 countries that receive priority aid from Finland.

Denmark established diplomatic relations with Vietnam 25 years ago. Last year, the country wrote off all debts for Vietnam, totalling $15 million, and reduced by half the commercial debts. Denmark has two joint venture breweries in Vietnam with 50 percent capital contribution. These breweries have been operational for some years now and their products have been much sought after in the local market.

Luxembourg has actively given development aid for many countries, including Vietnam. Last year, Luxembourg provided $700,000 of nonrefundable aid for Vietnam's public health sector for the national program of extended immunization. Only this year, Luxembourg has provided $1.2 million for a blood cold storage system, blood transportation, and preservation. The Vietnamese prime minister was welcomed upon his arrived in Luxembourg yesterday. The already existing strong relations will contribute to the success of the prime minister's trip.

'Some Progress' Reported in PRC Border Talks

BK2705150895 Hanoi VNA in English
1450 GMT 27 May 95

["Vietnam-China Working Group for Land Border Meets" — VNA headline]

[FBIS Transcribed Text] Hanoi VNA May 27 — The Vietnam-China Joint Working Group for Land Border held its fifth session here from May 22-27.

The session, that took place in an atmosphere of friendship, sincerity, frankness and mutual understanding, got some progress. The two sides agreed to convene the next session in China in September.

Minutes of the session was signed on May 26. The same day, Deputy Foreign Minister Vu Khoan cordially received the working group. Chinese Ambassador to Vietnam Zhang Qing was present at the reception.

Do Muoi Encourages Modernization of Navy

Urges Defense of Territory

BK2905144295 Hong Kong AFP in English
0949 GMT 29 May 95

[FBIS Transcribed Excerpt] Hanoi, May 29 (AFP) — Vietnamese leader Do Muoi has called for the modernisation of the navy to "firmly" defend the country's territorial claims, the army daily Quan Doi Nhan Dan reported Monday.

The paper published in full a speech from the Communist Party Secretary General made during his visit on May 13 to the naval headquarters in Haiphong in the north of the country.

"We must reinforce our defence capacity to defend our sovereignty, national interests and natural marine resources, while at the same time building a maritime economy," the party boss told navy top brass.

He called on the officials to "build a more and more powerful and modern navy so that it can play a prime role in deploying units in wartime."

Muoi did not refer directly to the situation in the South China Sea, where several countries are in dispute over the potentially oil and gas-rich Spratly Islands. He spoke, though, of the need "to defend Vietnam's territorial waters, the islands, the continental shelf and special economic zones."

Hanoi claims the Spratly Islands, and the Paracels, occupied since 1974 by the Chinese. Brunei, China, Malaysia, the Philippines and Taiwan all lay claim in whole or in part to the Spratlys.

According to Hanoi authorities, Vietnam's maritime territory covers, "some 3,260 kilometres (2,020 miles) of coastline, as well as around a million square kilometres (400,000 square miles), including the Truong Sa et [as received] Hoang Sa (the Spratlys and Paracels) and other islands abundant in natural resources."

"The extremely important task for the Vietnamese navy is to prepare to economically exploit and militarily defend the marine waters," Muoi said, stressing the "complex regional and international situation".

His speech coincided with an increase in tension in the South China Sea, following China's occupation of a coral reef claimed by the Philippines. [passage omitted]

Says Navy Should 'Strengthen Itself'

BK3005132295 Hanoi Voice of Vietnam in English 1000 GMT 30 May 95

[FBIS Transcribed Text] The Vietnam People's Navy has been called upon to strengthen itself to play the principal role of protector of territorial waters. Party General Secretary Do Muoi made the call during a recent visit to the port city of Haiphong. He said Vietnam in its strategy for socioeconomic development until the year 2000 would gradually develop the marine economy, to develop the island economies, and to firmly exercise its sovereignty over its territorial waters, continental shelf, and exclusive economic zones.

Australia

More Reports on Alleged Bugging of PRC Embassy

Former Envoy to PRC Comments

BK2905102795 Melbourne Radio Australia in English 0630 GMT 29 May 95

[From the "International Report" program]

[FBIS Transcribed Text] China has expressed concern over allegations that its newly-built embassy in the Australian capital, Canberra, is bugged. Sophisticated bugging devices have reportedly been installed by Australian intelligence services, with the information collected being shared with Washington. It's been alleged that as much as $5 million [currency not specified] was spent in lacing the walls of the new Chinese Embassy in Canberra with optical fibers to eavesdrop on conversations.

John Westland asked former Australian Ambassador to China Hugh Dunn whether the reports would effect Australia's growing trade relationship with China:

[Begin recording] [Dunn] Well, I think it would have to get very, very serious indeed before that was seriously effected. I was up in China quite recently and I was told apparently very clearly — I'm talking about a commercial business and whether it might be affected by the state of Sino-American relations — I was told very, very clearly, no, that these questions are decided on commercial considerations only. So unless it became a tremendous [word indistinct], then I think trade will not be affected at all. That would be my impression, just as after the events of June 1989 there was very little if any interruption to trade nor was there any much interruption to cultural and educational exchanges.

[Westland] Is it perhaps more likely that there may be some political fallout from the news that much of the information was passed on to Washington?

[Dunn] Well, I think that's something that I have no knowledge of, nor could I comment if I did have any knowledge of that. Again, I would assume that professional services like the Chinese — and they are very professional, and as we all are — would know that the Allies had intelligence sharing arrangements. But the details of any particular one are something that one cannot comment on; one simply doesn't know.

[Westland] So they would take that into account when they establish a relationship with a country like Australia, anyway, that they would understand we would share with our allies?

[Dunn] Yes. In the past there have been times, of course, when I think that they have found it useful to pass messages through us to the Americans, and even though they have their own channels of direct communication, because it is a useful way of reinforcing a message, just as with other business. I remember friends who have served in Eastern Europe as saying the best way to communicate with the local Foreign Ministry often was to say something in the privacy of your own room.

[Westland] Is it possible that Australia may be used as a conduit for information because of its perceived middle-ranking role in the region?

[Dunn] Well, I am not sure what you mean by information, but certainly I think many countries do find it useful to confide with us — to exchange views with us — presumably in the belief that their views, what they accurately recommended, will be taken into account by us and by other countries.

[Westland] But surely you would say that this entire incident is more one of interest for journalists and the public necessarily rather than diplomats and the intelligence services themselves?

[Dunn] Well, there are aspects for all of them, of course, but yes, I think it is a good story and people pick up the story over breakfast time and read the latest chapter of the spy story. [end recording]

PRC 'Deeply Concerned'

LD2905095295 Melbourne Radio Australia in English 0700 GMT 29 May 95

[FBIS Transcribed Text] The Chinese Embassy in Canberra says it's deeply concerned at reports that listening devices have been hidden in its building by an Australian intelligence service.

A statement from the Chinese Embassy said it had taken notice of what had been reported in the Australian media about the secret listening operation. The two sentence comment said the embassy was deeply concerned about it.

Meanwhile, at a news conference in Canberra, Deng Pufang, the son of China's paramount leader Deng Xiaoping, said the reports were not good news. Deng Pufang is visiting Australia as chairman of the China disabled persons federation.

The son of China's paramount leader Deng Pufang says China can have both economic reform and anticorruption policies. Deng Pufang is visiting Australia as Chairman of the China disabled persons federation. Speaking at a press conference in Canberra Mr. Deng said the current anticorruption drive was not a temporary movement. He said problems such as corruption were inevitable as China moved towards a market economy system. Policies against corruption would be therefore needed in the long term to maintain the momentum of economic development.

Mr. Deng added that his father, Deng Xiaoping, was in good health.

Deng's Son Comments

BK2905111195 Hong Kong AFP in English 1057 GMT 29 May 95

[FBIS Transcribed Excerpt] Canberra, May 29 (AFP) — The eldest son of China's leader Deng Xiaoping said here Monday that reports of Australia spying on the Chinese embassy were "not good news" but that he hoped more would be done to promote bilateral friendship and co-operation.

Deng Pufang, a paraplegic who is currently visiting Australia with a delegation promoting issues affecting the disabled, also told reporters that his father and his country were in sound health.

The supposedly failing health of the 90-year-old Chinese patriarch has been the subject of intense speculation in recent months.

Analysts have been predicting a post-Deng power struggle that may have ramifications for China's economic modernisation program.

"As you can observe, China is maintaining a stable economic and political environment," Deng Pufang said through an interpreter. "All these facts demonstrate the Chinese government is a strong one." [passage omitted]

Deng, who heads a delegation from the Chinese Disabled Persons Federation in conjunction with a tour by a disabled people's performing troupe, declined to be drawn on whether Australia's current espionage controversy had damaged relations between the two nations.

The national Australian Broadcasting Corporation reported Friday that "extremely valuable information" had been relayed to US intelligence through a network of fibre-optic bugging devices planted by Australia in the Chinese embassy during its construction in 1989.

Asked if the issue had damaged bilateral relations, he said: "I am not in a position to answer this question."

His reaction to the allegations? "As I stated I am just experiencing a very exciting visit to Australia."

"Of course I have read about this news. It is not a good news."

"China and Australia need friendship and cooperation. That is also the purpose of my current visit to Australia" Deng added.

"I hope we can do more to promote friendship and cooperation between (the) two (countries)."

In the latest of a series of claims of spying involving Australia and its trading partners, the Sydney Morning Herald reported Monday that Australia had also mounted a comprehensive and systematic espionage operation against the Japanese Embassy in Canberra.

Sensitive trade and diplomatic information form the Japanese embassy in Canberra had been intercepted, decoded and translated and then made available "to even relatively junior staff" in the department of foreign affairs and trade.

Reports last week said Japan, among other countries, had been spying on Australia, inspiring indignant denials by the Japanese embassy and embarrassing Canberra during Prime Minister Paul Keating's visit to Japan.

Government sources, while refusing to confirm or deny the reports, have described them as "not helpful" and that they put "an element of strain" into bilateral relationships at a very high level.

Evans: Allegations 'Wrong'

BK3005091095 Hong Kong AFP in English 0845 GMT 30 May 95

[FBIS Transcribed Text] Canberra, May 30 (AFP) — A lot of recent reports of Australia spying on China's embassy here was wrong, Foreign Minister Gareth Evans told Labor Party colleagues Tuesday, a party official said.

Australia's national broadcaster, the ABC, reported Friday that "extremely valuable information" had been relayed to US intelligence from a network of fibre—optic bugging devices planted by Australia in the Chinese embassy during its construction in 1989.

Questioned at a meeting of Labor MPs about the reports of Australian intelligence activities, Evans stuck to the official "neither confirm nor deny" policy.

But a party spokesman said he did comment that "a lot of the reporting has been wrong in this case".

There has been a flurry of reports that Australia was engaged in surveillance and eavesdropping at a number of foreign missions in Canberra. Apart from the Chinese embassy, the missions of China, Japan, Indonesia, Malaysia, Iraq, Iran and Russia have reportedly been targeted.

The SYDNEY MORNING HERALD reported Monday that Australia had mounted widespread and systematic spying against the Japanese embassy.

Indonesia Investigating Similar Claims

LD2905115195 Melbourne Radio Australia in English 1100 GMT 29 May 95

[FBIS Transcribed Text] Indonesia says it is investigating media allegations that Australia has spied on its embassy in Canberra. The chief Indonesian Foreign Ministry spokesman, Irawan Abidin, said officials in Jakarta were very concerned about the allegations. He said a decision on what to do about them would have to wait until after the claims had been investigated. The SYDNEY MORNING HERALD claimed in a front page story that Australia had conducted surveillance and eavesdropping against diplomatic missions in Canberra. It named the embassies as those of China, Japan, Indonesia, Malaysia, Iraq, Russia and Iran.

The newspaper gave some details of the alleged spying against the Japanese embassy, but did not report on how the spying against other embassies was carried out. In parliament the foreign minister, Gareth Evans, said he would follow long-standing government policy and make no comment on reports or allegations about national security. Earlier the Chinese Embassy in Canberra said it was deeply concerned at reports that listening devices had been hidden in its building by an Australian intelligence service. The statement from the Chinese Embassy said it had taken notice of what had been reported in the Australian media about the secret listening operation. The two-sentence comment said the embassy was deeply concerned about it.

Reportage on TV Broadcasting Bugging Story

TV Pulls Story

BK2605091595 Melbourne Radio Australia in English 0100 GMT 26 May 95

[FBIS Transcribed Text] The managing director of the Australian Broadcasting Corporation [ABC], Brian Johns, has defended his decision to remove a story from television broadcasts. The story referred to claims of Australian involvement in spying operations in a foreign embassy in Canberra.

Mr. Johns says he ordered the removal of the story after being advised that it was the subject what is known as a D-notice. The D- notice system is a voluntary agreement between media organizations and the government not to run certain stories that could jeorpadize national security.

Following criticism of his decision by ABC television staff and the journalists union, Mr. Johns says he would be seeking a review of the D-notice system.

Radio Australia is an overseas service of the ABC.

Government Granted Injunction

BK2605093195 Hong Kong AFP in English 0738 GMT 26 May 95

[By Jack Taylor]

[FBIS Transcribed Text] SYDNEY, May 26 (AFP) — The Australian government has been granted injunctions preventing two media organisations from reporting allegations of spying by Australia on the Chinese embassy, sources in Canberra said Friday.

One, taken out by the solicitor-general in the Federal Court, was served on the Sydney Morning Herald several weeks ago and the second, for which application was made this week, named a Sydney commercial radio station, 2UE.

Another report, understood to relate to surveillance of the Chinese embassy in Canberra by the Australian Security Intelligence Organisation (Australia's MI5), was deleted from ABC television's main 7:00 p.m. news bulletin Thursday on the orders of managing director Brian Johns.

Johns told ABC radio Friday that he believed the report would have breached a D-Notice. The D-notice system is a code of voluntary censorship between government and media concerning information whose publication could damage the national interest.

ABC staff were discussing Friday their response to Johns' action.

A foreign affairs spokesman said the ABC had "imposed self-censorship of their material because they felt it would breach a D-notice," but would not discuss the content of the report.

The reports follow recent allegations that members of the Chinese community in Australia have been the subject of espionage activity by Chinese agents here.

The latest moves followed a Herald report on Thursday accusing Japan of involvement in hi-tech surveillance of the Australian embassy in Jakarta.

The Japanese embassy plans an official protest against the paper and Australian government sources admitted Friday the report was "not helpful".

It coincided with an official visit by Prime Minister Paul Keating to Japan where he will have an audience with Emperor Akihito and talks with Japanese leaders, including Prime Minister Tomiichi Murayama.

The Herald report, citing intelligence sources, said listening devices or evidence of espionage had also been uncovered in at least nine Australian diplomatic missions or residences abroad.

While diplomatic sources reportedly regarded such intelligence activities as "par for the course", Canberra feared the report accusing Japan would "put an element of strain into the relationship at a very high level."

It is understood the injunctions relate to information that would normally be covered by D-notices, but sources told AFP at least one D-notice was "flagrantly" breached recently and the government took no action over it.

The injunction on 2UE was served Thursday after comments about Australia's alleged spying operations by one of its commentators.

No official comment immediately available either from the Herald or from 2UE.

Neither Foreign Minister Gareth Evans nor Attorney-general Michael Lavarch would comment.

TV Rejects Request To Stop Broadcast

LD2605103395 Melbourne Radio Australia in English 0900 GMT 26 May 95

[FBIS Transcribed Text] Australian Broadcasting Corporation [ABC] television has reported that the Chinese embassy in Canberra was bugged by Australian spies. The ABC rejected a federal government request that it broadcast nothing about the alleged bugging of the embassy. Gareth Robinson reports the request came with a warning:

[Robinson] The federal government set a deadline this afternoon for the ABC to reply to its request for an undertaking to remain silent on the story. ABC Managing Director Brian Johns has declined. He says the terms of the undertaking are open-ended, oppressively wide, and uncertain. The request from the federal attorney general's department says publication of such information would be a breach of confidence. The government also warned it could amount to a criminal offense. Earlier today, Mr. Johns issued a separate statement saying he had approved broadcast of a proposed news story on ABC TV after developments in the story which he had cancelled yesterday. That story, he says, was subject to a D-notice. The new version is not. D-notices are a voluntary restraint on the media under which they refrain from disclosing stories, which may be against national security interests.

Lee To Review Media Restraints

LD2605123195 Melbourne Radio Australia in English 1100 GMT 26 May 95

[FBIS Transcribed Text] Communications Minister Michael Lee, who is in Beijing, says the federal government is not averse to a review of the D-notice system. From Beijing, Ali Moore reports:

[Moore] Michael Lee says a debate about the D-notice system is not unusual, and if Brian Johns and the ABC believe it's time the system was reviewed, he's willing to sit down and discuss it:

[Begin Lee recording] Some people might suggest that we have to choose between a voluntary system, (?that) in the past we've had D- notices, and perhaps a more formal legal obligation. If that's the debate we're about to enter then that's one that I'm not afraid of addressing. [end recording]

Before ABC Television broadcast the story about the alleged bugging of the Chinese embassy, Michael Lee said what the ABC runs is the responsibility of the managing director.

Ban Abandoned

LD2905124695 Melbourne Radio Australia in English 1100 GMT 29 May 95

[FBIS Transcribed Text] The Australian Government has abandoned legal action it launched to stop the publishing and broadcast of news stories alleging it bugged the Chinese Embassy in Canberra. Brendan Trembath in Sydney reports that the News South Wales Supreme Court has lifted most of the injunctions imposed on media organizations in recent weeks.

[Trembath] In an attempt to stop stories about the alleged bugging operations, the federal government took legal action against the SYDNEY MORNING HERALD, the ABC [Australian Broadcasting Corporation] and Sydney radio station 2UE.

All of the sessions were private except for today's hearing, when lawyers for the Commonwealth asked that the proceedings be discontinued. Documents made public today reveal that the SYDNEY MORNING HERALD tried to challenge the legality of two warrants signed by Attorney-General Michael Lavarch, which apparently authorized the operation. But Justice John Bryson upheld a claim of public interest immunity excusing the government from producing them.

Further Reports on U.S.-Japan Trade Dispute

Canberra Opposes Sanctions

BK2605070395 Hong Kong AFP in English 0648 GMT 26 May 95

[FBIS Transcribed Text] MANILA, May 26 (AFP) — Australian Trade Minister Bob McMullan on Monday accused the United States and the European Union of violating "the spirit" of their obligations under the Uruguay Round trade accords.

While he was not accusing any particular country of breaching their commitment, some actions by the United States and the European Union had been "at least in breach of the spirit of the Uruguay Round," he said at the start of a two-day meeting of the Cairns Group of food-exporting countries.

McMullan, chairman of the Cairns ministerial meeting, cited commitments by both trading partners to reduce subsidies to agricultural products from July 1.

These pledges had been nullified by their moves to exclude permits of export subsidies issued before that date, he complained.

"That's a one-off and we'll overcome it," McMullan told a news conference, but he stressed that this "undermines our confidence that they will rigorously comply with all their commitments."

"The developed countries are trying ... to push agriculture off the agenda," he said, citing their emphasis on new issues such as information technology.

At the conference, he reiterated that the Cairns group intended to use the World Trade Organization (WTO) to monitor closely the compliance to commitments by the West to reduce subsidies to agricultural exports.

He said some of the Cairns Group "have said publicly... they're pressing for free trade in agriculture."

"I'm not sure the Cairns Group will adopt that because it operates by consensus," but added that the conference "will listen to more ambitious members and see what measures can be adopted."

Philippine Agriculture Secretary Roberto Sebastian said the group's most important task would be "to craft a strategy for monitoring the implementation of domestic support and subsidy reduction commitments as well as market access concessions.

"We must deal with increasingly sophisticated means of disguising means of protectionism," he added.

Sebastian said the two-day meeting would also discuss issues such as the effects of increased trade on the environment, and the issue of labor and trade.

The newly-elected WTO director-general, Renato Ruggiero of Italy, was expected to arrive here late Friday and meet with the Cairns ministers on Saturday.

The Cairns Group also includes Argentina, Brazil, Canada, Chile, Colombia, Fiji, Hungary, Indonesia, Malaysia, New Zealand, Thailand and Uruguay.

McMullan added that Australia backed calls for Japan to further open its auto parts market, but opposed threats by the United States to impose unilateral sanctions, as this would undermine the World Trade Organization (WTO).

"We do not support any country taking unilateral trade measures against another member of the WTO," he added.

"If the most powerful countries are free to take unilateral actions, those who are not that powerful will be disadvantaged," he said, adding that this could undermine the WTO.

McMullan said the dispute was a "big concern" for Australia because it exported 180 million US dollars' worth of auto component annually to Japan.

Washington has threatened to raise tariffs on Japanese luxury cars.

Australia 'Won't Suffer'

LD2705181995 Melbourne Radio Australia in English 1700 GMT 27 May 95

[FBIS Transcribed Text] The Australian prime minister, Paul Keating, has won a guarantee that Japan will not deal Australia out of any agreement with the United States to end their dispute over cars and car parts. John Shovelan reports that Mr. Keating discussed the issue at a meeting in Tokyo with a senior Japanese minister.

[Shovelan] Japan's minister for international trade and industry, Ryutaro Hashimoto, told Mr. Keating Australia's motor car and components industry won't suffer if the United States and Japan strike a deal. Each year Australia sells around 200 million dollars worth of finished cars and parts to Japan. The United States has threatened to impose tariffs of 100 percent on luxury cars from Japan unless it gets a larger share of the domestic Japanese market. Mr. Keating was concerned Australia would be discriminated against as a result.

Trade Minister on Trade War

BK2805124395 Melbourne Radio Australia in English 0500 GMT 28 May 95

[FBIS Transcribed Text] Australia's trade minister, Bob McMullan says the growing trade war between Japan and the United States is proving difficult to keep in check. Senator McMullan says the dispute over car trade has been complicated by private deals made by corporations. The case is currently before the World Trade Organization for arbitration.

The senator, who has been involved in trade negotiations with the U.S. and Japan, says he doesn't doubt that both governments are working toward a solution, which will not damage countries like Australia:

[Begin McMullan recording] The difficult part is whether there are private arrangements made by companies to get the pressure off themselves and do a deal which advantages the United States and disadvantages us, even if that is not the wish of the Japanese Government or the United States Government. Because what makes this issue, this dispute, more complex is that it's affecting the private activities of corporations rather than solely the activities of government. [end recording]

Keating Returns From Official Visit to Japan

LD2805172895 Melbourne Radio Australia in English 1600 GMT 28 May 95

[FBIS Transcribed Text] The Australian Prime Minister Paul Keating has arrived home after his first official visit to Japan. During his five-day trip Mr. Keating urged Japan to play a leading role in drawing up a plan of action for liberalizing trade in the Asia-Pacific region. He also received an assurance that Australia would not suffer as a result of any deal between Japan and the United States to end their trade dispute over cars and car parts. Mr. Keating has made two previous visits to Japan since becoming prime minister in 1991, but not in an official capacity.

Keating Urges Defense Ties With Indonesia

BK3005061895 Melbourne Radio Australia in English 0500 GMT 30 May 95

[FBIS Transcribed Text] The prime minister, Paul Keating, has again stressed the need for greater economic and defense cooperation with Indonesia. Mr. Keating spoke of the importance of the relationship while opening a technology expo at Parliament House in Canberra.

Accompanied by the visiting Indonesian research and technology minister, Professor Habibie, Mr. Keating said the bilateral relationship was substantial.

[Begin Keating recording] And this great nation to our north, Indonesia, nearly 200 million people, growing now consistently between 6 and 8 percent a year, offers growing opportunities for economic and industrial cooperation. There can be cooperation which goes not only simply to commercial applications of technologies, but doing things together in the field of defense, where we already have a substantial defense cooperation between us. [end recording]

Group of East Timorese Arrive by Boat in Darwin

BK3005073295 Melbourne Radio Australia in English 0500 GMT 30 May 95

[FBIS Transcribed Text] A group of East Timorese has arrived in Darwin — the first to arrive in Australia by boat since Indonesia invaded the colony 20 years ago. Elizabeth Burn reports the National Council of (Loboro) Resistance has written to Immigration Minister Nick Bolkus, offering the group accommodation in Darwin.

[Begin Burn recording] The group of 15 males, two females, and one baby arrived in Darwin early this morning. A contingent of Darwin's East Timorese supporters was waiting at the gates of Larrakeyah Barracks in the hope of convincing immigration authorities to allow the group to stay in Darwin, but immigration says it will move them to holding facilities at Curtin Air Base in Western Australia.

Jose Gusmao from the National Council of (Loboro) Resistance says their offer of accommodation and support for the group would reduce their distress and save the Australian Government significant funds.

Evans: Taiwan's Li Not Allowed Private Visit

LD2905125195 Melbourne Radio Australia in English 1100 GMT 29 May 95

[FBIS Transcribed Text] Australia says it will refuse to allow a private visit to Australia by Taiwan's president, Li Teng-hui.

The foreign minister, Gareth Evans, says Australia will not follow the example of the United States, which is to allow President Li to make a private visit despite protests from China.

Senator Evans has told parliament that Australia restricts private visits by high-level Taiwanese officials to those dealing with economic relations. But, he says, a visit by President Li would have a political purpose. Senator Evans said such a visit would not be consistent with Australia's current unofficial links with Taiwan.

The foreign minister was replying to a question about whether Australia would allow the Taiwanese president to accept an invitation to address the National Press Club in Canberra. He said the government was not contemplating an unofficial visit by President Li.

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